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The

Madras Journal of Co-operation

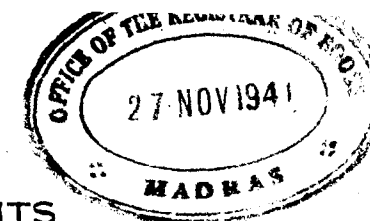
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THE

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VOL. XXXIII.]

OCTOBER 1941.

[No. 4

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

Editorial Notes.

Co-operative Day.

We have elsewhere reproduced the draft resolution to be adopted at Co-operative meetings and demonstrations on the Co-operative Day, circulated by the International Co-operative Alliance. While the Day was celebrated on 5th July in other countries, the Day is observed in India on 1st November. We have also published a special message of Mr. R. A. Palmer, Vice-President of the Alliance in which he emphasises the significance of the Day. We have no doubt all co-operative institutions in our province will make arrangements to celebrate the Day in a suitable manner. The conflict, which first began in Europe, is rapidly spreading to other lands and every country is being drawn into the vortex. To observe neutrality is a crime; to become a belligerent is to invite strife and suffering. The Axis powers, intoxicated by such successes as they have achieved, are bent upon bringing ruin and desolation, to lands engaged in peaceful pursuits. The co-operative Movement which flourished and conferred benefits of economic and social justice on the peoples of Europe has ceased to be a movement for freedom and democracy. We have time

and again reproduced extracts from journals to show how the Nazi rule has proved a curse to the freedom-loving peoples. In the New World Order after the war the principles, for which the Movement stands, must prevail, and they should form the essential foundations of progress and re-construction. Co-operators all over the world should unequivocally proclaim their faith in the ideals of the Movement, pledge their loyalty and support and rededicate themselves in its service so that when the time comes for the reconstruction of the world—it must come soon—we may be in a position to contribute our humble share in upholding the principles of freedom, justice and equality.

Thank You.

We are grateful to Government for complying with the request of Co-operators to extend the time for the submission of objections or suggestions to the draft amendment to Rule XXVI and the Village Panchayats Bill. We have no doubt the bodies concerned will give their careful thought and consideration to these subjects and submit their well-considered views to Government for their consideration. We have heard it said that publication of the proposals of Government for criticism is more or less formal as in most cases the Government have already made up their mind on the lines of reform. We are not inclined to take such a pessimistic view, for we believe, however irresponsible a Government may be, they cannot but be influenced by public opinion. The stronger and insistent such opinion is, the greater is the possibility of its influence. Therefore, we venture to appeal to all co-operative institutions not to yield to counsel of despair.

We shall be able to say 'Thanks, thanks again,' if the Government are pleased to comply with the reasonable request of the Madras Provincial Co-operative Conference contained in a resolution passed unanimously at its recent session. The resolution runs as follows:—

"This Conference requests the Government to publish their decisions on the recommendations of the Committee on Co-operation at once to enable the co-operators to express their

EDITORIAL NOTES

views on them for their consideration before action is proposed either by amendments to Rules or the Act itself and the Conference is of opinion that piece-meal action is neither desirable nor advantageous to the movement."

Provincial Conference.

We have published as a supplement to this issue all the addresses delivered at the recent Provincial Co-operative Conference, including the speech of Sri Diwan Bahadur K. Deivasikhamani Mudaliar made on the occasion of the opening of the Cottage Industries Exhibition. We invite our readers to peruse them carefully as they contain very valuable suggestions. We regret very much that owing to some circumstances beyond our control we are unable to publish in this issue the authorised version of the resolutions adopted by the Conference. Therefore, we are forced to reserve our comments on some of them, for which we offer our sincere apologies to our readers.

We cannot help referring, however, to the unfortunate incidents which marred the equanimity of the proceedings of the Conference. While we do not hold any brief for one side or the other, we are constrained to observe that the co-operators present could have assisted the President to carry on the proceedings with greater decorum. At one time we feared the Conference would end in a fiasco, a fate which attended a gathering of one of our national institutions some years ago. We congratulate ourselves that very soon better sense prevailed and the infinite patience and tact so well shown by the President were amply repaid. As soon as the contentious subject was disposed of, the Conference settled down to business and transacted it with expedition, animated by a real spirit of co-operation. It is true, for want of time, it was not possible to debate on various resolutions at greater length. But we doubt if a debate was necessary at all on most of the resolutions as they embodied the views generally held by co-operators all over the province. The unanimity which prevailed over all resolutions but one shows the views expressed are shared by all engaged in the Movement. They unmistakably

indicate the genuine desire of the Co-operators that certain reforms long overdue should be carried out expeditiously.

On the resolution relating to the address of Sri T. A. Ramalingam Chettiar there was much, and in our opinion, unnecessary heat. In as much as Sri Chettiar stated in a letter addressed to the President that the statements in his speech, to which serious objection was raised, were his personal views, we doubt very much if a resolution dissociating from them was necessary at all. No one has a right to stifle expression of individual views, however unpalatable they may be. We feel that the discussion of the resolution of protest would have become out of court if Sri Chettiar's letter had been read earlier in the proceedings of the day, especially as he had already announced they were his personal views when he was interrupted while making his speech. However, now that both sides have had their say, we earnestly appeal to Co-operators to forget the past and do nothing to promote further acerbities which may only result in giving a set-back to the Movement. Our attempt should be to reconcile the differing views so that we shall be assured of support of all sections of the co-operative opinion for the progress of the Movement.

In the course of his opening address, Prof. Kale referred to the unexceptionable dictum of the Registrar "to help, to guide, where necessary to admonish, and only in the last resort to exercise the powers conferred by the Act for the protection of the public and the saving of societies." But we feel, as Prof. Kale was pleased to observe, that often things do not work themselves out in that way. Prof. Kale also said :

"It would be fair, I think, to state that as non-officials are apt to commit mistakes, those whose business it is to exercise authority over others, may also err in feeling that they are always in the right and that their decisions must be followed without question. Officers of the Department will lose nothing but gain much if before taking decisions on matters of policy and questions involving difference of opinion, they consult and take into their confidence representative and

responsible non-officials. Machinery may be easily devised for such collaboration."

Whether the machinery for this purpose should be the Banks' Association as in Bombay or some other representative body of co-operative opinion, such as the Provincial Co-operative Union, is a matter which may be considered and decided. We feel, however, the Provincial Co-operative Union is eminently suited for the purpose.

Departmentalism.

In his presidential address delivered at the 28th Mysore Provincial Co-operative Conference, Rajasevaprakashta A.V. Ramanathan, Minister of Law, quoted at length extracts to indicate how largely Government have helped, how much the Movement depends upon official efforts and how utterly inadequate the efforts of the Government are and will be to cover the large unexplored field. He enumerated the functions now performed by the Registrar and his department "to demonstrate their incompatibility in a single agency." Mr. Ramanathan declared,

"To me, it looks as if this attempt to secure the development of Co-operation through all-powerful Department is like seeking to promote Democracy by totalitarian methods. Departmentalism kills initiative and enthusiasm. Growth is possible only in an atmosphere of liberty and freedom. Criticism, there must be ; but as much of it as possible should be from within. Criticism without responsibility is as barren of results when a Government department is the critic as it is when a Government is the subject of criticism. Publicity, mutual understanding, close knowledge and frequent meetings alone can restore the conditions for healthy growth. Co-operation, to my mind, is a way of life ; nay *it is the way of life*. The field of co-operation is co-extensive with the needs of the entire population. It cannot be covered except by the united efforts of all who can feel, think and act."

We endorse these wise words of an able administrator. We also earnestly commend to Government the statement, 'Departmentalism kills initiative and enthusiasm' and in the reforms they are or will be announcing on the recommendations of the Committee on

Co-operation this fact may be kindly borne in mind and avoid taking any step likely to kill enthusiasm and initiative.

Prohibition at Work.

It is gratifying to read the observations of the Commissioner of Excise on the economic and social effects of prohibition. As the results have an important bearing on rural life, we need make no apology to reproduce them :

"The improvement in the conditions of living among the ex-drinking classes continued to be maintained. In rural areas, prohibition has materially improved the condition of the poor classes both economically and socially. The money that formerly found its way to liquor shops is now usefully spent on better food and on better clothing and what is left over is utilised generally to liquidate previous liabilities or is spent in jewels or invested in thrift societies. There is more harmony in family life and prohibition is generally considered as a great blessing. In urban areas, the existence of a 'boot-legging' trade is a serious factor and may have serious repercussion on the maintenance of law and order."

We are thankful to this testimony. But 'boot-legging' trade in urban areas must be nipped in the bud lest its evils may spread to rural areas. Co-operators must exert their influence and spare no efforts to extend their hearty co-operation in all possible ways to the authorities in their difficult task as prohibition is essentially an economic and social measure of reform.

Debt Relief.

Of the many resolutions unanimously passed at the Provincial Conference, there is a resolution dealing with debt relief and conciliation which deserves serious attention and favourable consideration. As it is self-explanatory, no comments are necessary to commend it for acceptance by the authorities. The resolution runs as follows :

In view of the recent decisions of the High Court on certain provisions of the Madras Debt Conciliation Act, this Conference is of opinion that the Act should be suitably amended carrying

EDITORIAL NOTES

out the suggestions of the Honourable Judges of the High Court and of the Committee on Co-operation. This Conference feels that provision for compulsory conciliation of debts, application of principles of the Agriculturists' Debt Relief Act for scaling down debts and rural insolvency should be incorporated in such an amending Act.

In this connection we would invite the attention of our readers to the observations of Mr. S. K. Chettur I.C.S. on the working of the Agriculturists' Debt Relief Act, the principles of which, the resolution quoted above asks, should be made applicable to debts conciliated under the Debt Conciliation Act. In the opinion of Mr. Chettur the Agriculturists' Debt Relief Act had brought substantial measure of relief to some sections of the rural population. He pleaded that the Government should remedy the defects in the Statute—they seem to be numerous—found in its working and improve further credit facilities in the villages. If these are done, Mr. Chettur felt the ryot would soon be re-established in a position of comparatively better economic prosperity and obtain immunity from debt. While noting defects in the actual working of the Debt Conciliation Act and the Debt Relief Act, no one, not even those actually affected by them, has suggested these two measures should be scrapped. Every body is agreed that if the defects are removed, perhaps the measure of relief afforded would be much more substantial. We would earnestly plead the Government should immediately take up this question of reform. Either a small Committee may be appointed or a Special Officer may be deputed to study and suggest remedial measures. Something needs to be done and that too quickly to improve the lot of the ryot groaning under debt.

Rice, the first cereal.

Importance of increase in the production of rice is being brought home to us now by the changing circumstances. It is true India has never produced enough rice to feed herself and has mostly relied on rice imported from Burma. The control of exports of rice proposed by the Government of Burma interfering with free trade and placing India completely at the mercy of Burma Government

is one of the causes which makes the problem more insistent now. India's requirements of rice are estimated at 28 million tons annually. Final estimate of the rice crop for 1940-41 was only 21,850,000 tons. Compared with the production for 1939-40 it is less by 15.3 per cent. and it is 15.1 per cent. less than the average of the previous five years. The causes for the decreased production, making India, more dependent on imported rice, need careful study and prompt action. It is gratifying the Imperial Council of Agricultural Research is alive to the gravity of the situation and immediate steps are being taken to increase production by all available means. The Rice Committee of the Council adopted the following resolution:

"The Committee recommends that the attention of provincial and State Governments should be invited to the figures of acreage and production of rice of the last ten years and points out that production has, generally speaking, been going down instead of going up and that it is essential to maintain production. It recommends that steps should be taken by provincial and State Governments"—

- (i) to provide facilities for timely and sufficient irrigation, *e.g.*, through canals, tanks, etc. in areas where such facilities do not exist at present,
- (ii) to distribute to cultivators manures, especially oil-cake, at cheap rates on a large scale, the price being recovered after harvest,
- (iii) to distribute pure and improved seed on a large scale,
- (iv) to encourage the growing, subsequent to paddy, of suitable *rabi* crops like gram and other pulses in paddy lands, and
- (v) to induce cultivators to utilize the area released from other crops for rice cultivation as far as possible.

The responsibility for increasing production now devolves on Provincial Governments by affording all the necessary facilities. How best to increase the irrigational facilities not only by ensuring supply from the sources already existing but also create such facilities where they do not exist now are matters which must seriously engage their attention. Idea of 'return' must cease to govern their irrigation policy as almost all works undertaken must of necessity be deemed as 'protective' works, the main idea being to increase the acreage under rice. We await with interest the proposals of the Madras Government in this regard.

Marketing Federations.

BY RAO SAHEB C. S. SRINIVASA MUDALIAR.

We have to thank the Department for the untiring energy with which they have successfully organised and started on work the Tanjore Co-operative Marketing Federation. Though the Department felt the need of an organisation for marketing Tanjore paddy as early as 1932, it was not possible to have a society registered earlier than 1941. We have to acknowledge that the 'drive' of the present Registrar is solely responsible for the organisation, registration and working of the Marketing Federations in the province.

I propose to deal with the aims and objects and the scope and working of the Marketing Federations.

Aims and objects:—A Marketing Federation, as the name itself would suggest, should aim at bringing together the producers and uniting them for improving the conditions on which their produce is marketed. A Co-operative Marketing Federation should, therefore, have as its objects:

1. to sell the produce of its members at the dearest market;
2. to introduce the produce of the district or the area of Federation into adjacent districts or areas where foreign produce is consumed;
3. to help the ryots to hold up their produce for a better market, and;
4. to co-ordinate the work of loan and sale societies.

1. *Selling the produce of members at the dearest market*:—This point does not require any great elaboration. The ryots individually are not able to obtain for their produce a fair price for various reasons, the most formidable of which is the absence of a regulated market where they could dispose of their produce. They are ignorant of the places where their produce is taken, where it is consumed, and what price the ultimate consumer pays for it. They are not aware of the prices ruling in distant markets for the sort of produce they produce. The broker, the merchant and the retail dealer knock away a large share of his income. A Co-operative Marketing Federation is therefore a boon to the producers, if it could only connect them with the ultimate consumers and obtain for them the best price ruling in the different markets. The Marketing Federation has to find out the various markets where the produce of its area is

dealt with and directly dealt with those markets with a view to get the highest price possible for the produce of its members.

2. *Introducing the produce of the area into adjacent areas.*—This is a further step in its aim to get the maximum price for the produce of its members. While what I have said above is a question of marketing the produce in known markets, this is a question of popularising the produce of the members in areas where foreign produce is consumed. The idea is to secure a wider class of consumers and thereby a greater demand and better price for the produce. This no doubt requires a careful study of the conditions of market in the adjacent areas where the foreign produce is consumed. It will not be an easy proposition to displace the foreign produce. The reasons why the consumers there wish to have the foreign produce in preference to indigenous produce should be carefully studied, and earnest attempts should be made to introduce and popularise the produce of the area of the Federation.

3. *Helping the ryots to hold up their produce for a better market.*—The loan and sale societies in the Province are already doing this service to the ryots. The Marketing Federation can assist them in the work and even advance loans on the pledge of produce of its members. The ryots will thereby be enabled to hold up their produce till they get a favourable price.

4. *Co-ordination of the work of Loan and Sale Societies:*—The Marketing Federation will do useful work by co-ordinating the activities of the loan and sale societies with its own work. There will be no need for the Federation to lend on produce for better market, if the loan and sale societies are able to do so. The Federation will have to assist the loan and sale societies in the matter of propaganda in villages and finding storage accommodation for the produce. It has vast scope for developing its business of marketing produce by making the members of the loan and sale societies sell their produce through it. There is no necessity also to purchase produce outright and sell, and the Federation will not have to find out any large capital or borrow heavily.

I have so far dealt briefly with the aims and objects of Marketing Federations in general. I shall hereafter confine myself to the actual marketing of Tanjore paddy and the observations made hereunder relate only to the conditions prevailing in the Tanjore district.

How Tanjore paddy is now sold by the ryots and how it is sent to consuming centres:—Among producers of paddy, there are strong as

well as weak ryots. Weak ryots are those small producers who are always in need of money. They are anxious to sell away their paddy as soon as it is harvested. They require money sorely for purchasing their various domestic requirements. They therefore sell their produce on the thrashing floor itself to the brokers who are to be found in the nook and corner of the district. It is these brokers who fix the price of the produce of these weak sellers and carry them to their merchants and mill owners in distant markets. The holdings of the majority of the ryots in the district being very small, the bulk of the produce of the district is sold in this manner to the brokers. Very few ryots hold up their produce to sell it gradually at a higher price. The merchants who purchase the paddy from the weak ryots at the time of the harvest hold it up for a better market and get all the profit.

The question now arises how best the small producers particularly may be enabled to get the profit which the merchants are now getting. Now comes an organisation of the producers which could supply the produce directly to the consumers. The Tanjore Co-operative Marketing Federation at Tiruvarur, has been started with this end in view and it is hoped that the lot of the ryots will be improved gradually by the effective marketing of their produce at the most advantageous price.

I wish to make a few suggestions for the working of the Tanjore Marketing Federation. It is a good feature of the Federation that membership is thrown open to both individuals and societies and that both are represented in the Directorate. Small ryots should however be induced to become members of the loan and sale societies, and they should be given loans on the pledge of their produce. It should be made obligatory on the part of these members to sell their produce through the Marketing Federation. The by-laws of the Federation too may be suitably amended to compel its members to sell all their produce through the Federation. If the produce of the members of the loan and sale societies are assured in this manner, the Federation will command the bulk of the produce in the district that is now sold at the thrashing floor. One part of its business, namely, the purchasing part, with all its risks is easily done away with, and the Federation has at the same time at its command the necessary stock for selling in the best market. Strong ryots who are able to hold up their produce themselves without financial assistance from any agency must also be persuaded to sell their produce through the Federation. I must concede that this is a very hard and difficult task, requiring a good

deal of patience, perseverance and canvassing. If the Federation succeeds in getting the co-operation of the weak and the strong ryots, the purchasing part of the business of the Federation is made easy. There need be no outright purchases by the Federation. All the money advanced by Central Banks as loans to loan and sale societies will indirectly form the capital of the Federation. Thus produce to the value of about 10 lakhs of rupees which is now pledged to loan and sale societies in the area of operations of the Federation will be assured to the Federation. Purchasing outright the produce of the ryots does not help the ryots. There the Federation is playing the role of a middleman or a merchant. Marketing Federations should not step into the shoes of the merchants, and adopt the same procedure of buying through brokers and selling the produce to other merchants. If they do so, they do not justify their existence as a co-operative organisation. Besides it would be speculative business to purchase outright and hold up the produce for a better market. The paddy market is not steady and there are violent fluctuations in the prices. Unless a correct forecast is made of the trend of prices, taking into consideration the various factors affecting prices of paddy, outright purchases may some times prove unfortunate. Thirdly, the system will require a very heavy cash credit accommodation or capital for which interest will have to be paid. Lastly, the merchant class will look upon the Federation as a rival institution and will combine to compete with the Federation in the purchases and thwart its purpose.

The question as to when to purchase and stock is very difficult to decide. Invariably, the price during the harvest season is low. If the Federation were to purchase the produce outright from the ryots directly for a low price at the harvest time, it will be stultifying one of the aims of the co-operative movement, that is, to help the ryots to hold up their produce for a better market. It seems to me therefore, that the only way by which the Federation can help the weak and the strong ryots is to enable them to hold up their produce for a better market, to secure for them the necessary requirements during harvest season, to arrange to pay their kist and other expenditure, and finally to sell their produce at the best market. To achieve this, the Federation should first educate the ryots and explain to them the benefits they could derive from becoming members of loan and sale societies and selling their produce through the Marketing Federation. It should enlist them as members of loan and sale societies through persuasion. The initial work of the Federation should be to get the co-operation of the ryots for its scheme. If that is successfully done, the business side of the scheme will develop easily.

The Co-operative Movement in India.

The most recent figures showing the extent of the co-operative movement in India are contained in a report for the year 1937-38 issued by the Indian Director-General of Commercial Intelligence and Statistics. At the end of the year there were 609 Central Societies (including 10 Provincial Banks and 599 Central Banks), 534 supervising and guaranteeing Unions, 201 Land Mortgage Banks and Societies, 95,708 Agricultural Societies, and 16,087 Non-Agricultural Societies. Working capital of the Central and Provincial Banks was Rs. 414,127,160.

The Agricultural Societies, which included 80,062 Rural Credit Societies, had a membership of 3,225,216, and working capital of Rs. 319,764,398. Loans due to them at the end of the year totalled Rs. 236,651,442, about half of which was overdue. Their sales of goods to members amounted to Rs. 7,245,411, and purchases of members' produce to Rs. 7,894,335.

The non-agricultural societies, 6,003 of which were Credit Societies, had a membership of 1,624,086 and working capital of Rs. 255,346,904. Loans due to them at the end of the year were Rs. 182,302,614, only a small proportion of which sum was overdue. Sales of goods to members amounted to Rs. 8,248,400, and purchase of members' products to Rs. 4,877,071.

The two Provinces with the largest number of societies were Bengal, with 24,241 and the Punjab, with 23,597. Madras had the largest individual membership (932,472), and the Punjab stood next with 868,083. Bengal had the largest amount of co-operative working capital amounting to Rs. 193,610,000, followed by Madras with Rs. 184,416,000.

The total amount of loans due to Land Mortgage Banks was Rs. 20,888,409, out of which Rs. 14,340,114 represented loans made by Land Mortgage Banks in Madras. Loans advanced by the Government to all types of Societies amounted to Rs. 12,126,000, advances to the Movement in British Provinces being Rs. 7,981,000, and those in Indian States Rs. 4,145,000. Of these loans, Rs. 5,424,741 were to Non-Agricultural Societies, mainly for housing, in the Provinces of Madras, Bombay, Sind, and in Mysore. Advances by the Government to Agricultural Societies amounted to the much smaller figure of Rs. 890,153, of which Rs. 511,931 represented advances to backward Societies in the Province of Madras.

Loans by the Government to Provincial Co-operative Banks were Rs. 2,204,986, out of which Rs. 1,410,000 were to the Bank in Bihar and Rs. 625,886 to that in Sind. Government loans to Central Banks were Rs. 3,605,675, chiefly in Indian States, the figure for the State of Gwalior being Rs. 2,699,385. Supervising and guaranteeing Unions were in existence in large numbers only in the Provinces of Madras, Bombay, Sind and Travancore State, but membership fell during the year in spite of an increase in the total of Unions.

Owing to the separation of Burma from India as from 1st April 1937 figures for that country are not included.

(Co-operative News Service—10th July 1941.)

Nineteenth International Co-operative Day,

Saturday, 1st November, 1941.

RESOLUTION

TO BE ADOPTED AT
CO-OPERATIVE MEETINGS AND DEMONSTRATIONS ON
CO-OPERATIVE DAY.

On the occasion of the Nineteenth International Co-operative Day, 1st November, 1941, The International Co-operative Alliance profoundly deplores the fact that the Peace-Loving Nations are suffering so intensely from the present conflict, but proclaims its Faith in the ultimate Triumph of Freedom and a World pledged to Co-operation and Peace.

It calls upon its affiliated Co-operative Organisations and individual Co-operators :—

TO CONTINUE ENERGETICALLY TO DECLARE THEIR UNALTERABLE FAITH IN THE POWER OF THE ROCHDALE SYSTEM OF CO-OPERATION to unite all the peoples of the world in Fraternal Sympathy and to secure for them Economic and Social Justice; to maintain Peaceful Relations between all countries; and to assure an Equitable Distribution of all the Resources of the Earth—which are ESSENTIAL FOUNDATIONS OF A NEW WORLD ORDER;

TO KEEP ON HIGH THE RAINBOW FLAG which is a Symbol of PEACE THROUGH CO-OPERATION, and TO BE READY, immediately after the war, to collaborate with the ALLIANCE to the utmost of their power in the gigantic tasks with which it will be faced;

TO PLEDGE THEMSELVES, meanwhile, to impress upon the Governments of their respective countries, and upon every section of the community, the Undeniable Value of Co-operation as an Economic, Social and Spiritual Force, and the remarkable successes which it has achieved during nearly a century in almost every part of the universe; and

TO DEMAND that, in the deliberations for the Restoration of Peace and for Economic and Social Reconstruction after the war, THE INTERNATIONAL CO-OPERATIVE ALLIANCE—which has united in its membership over 100,000,000 individual Co-operators in 40 different States, without regard to colour, race or creed—SHALL BE ACCORDED THE IMPORTANT PLACE TO WHICH IT IS ENTITLED AS THE MOST REPRESENTATIVE AND MOST POWERFUL ORGANISATION OF THE PEOPLES THROUGHOUT THE WORLD.

(Issued by the International Co-operative Alliance, London.)

A message for the International Co-operative Day.

By R. A. PALMER, VICE-PRESIDENT, I.C.A.

For the second year in succession, the free Co-operative Movements will observe International Co-operative Day in a world tormented and ravaged by war—a war between the forces of Freedom and Democracy and those whose aim is to subject the people of all nations to a regime of tyranny which has already deprived millions of men and women, and children, of their freedom and rights. If a happier world is to emerge after the present conflict, and social justice and order are to be established, then it is imperative that we, Co-operators, recapture the spirit of our leaders who conceived the idea of instituting this Co-operative Festival as a day on which Co-operators throughout the world should unitedly proclaim their faith in the ideals of the Movement, rejoice at its achievements, and rededicate themselves to its service.

The present war is an indication of the failures of the old system of living. A new world must be created in which Co-operative Societies will prevent the ruthless exploitation of the people, and Co-operative Principles will guide the nations in their conduct towards their neighbours.

War has broken many of the old practices and time-worn devices. The future must see the status of families of consumers and ordinary producers enhanced at the expense of monopolists, exploiters and speculators. Trade between nations must flow in an orderly manner so that all may share the benefits. These things can only be achieved by consumers and producers co-operatively organised.

We must prepare now, even during the war, to promote a better understanding of our co-operative principles and their potentialities, so that, when peace is restored, the people of the American continent, the peoples of Asia, and Africa and Australia, the people of Britain, the homeland of Co-operation, and the peoples of Europe, will all unite in the spirit of Democracy, Fraternity, and Co-operation to establish a world-wide Co-operative community in which peace and security will rule. Our principles have never failed; they never will fail if we stand loyally by them.

These are matters which should be in our minds this Co-operative Day, 1941. If they are and if we resolve to achieve them, despite the war and all its problems, the Nineteenth Co-operative Day will be as successful as any of the past, and will herald great future achievements.

(Review of International Co-operation, June, 1941.)

Correspondence.

Rule XX under Madras Act VI of 1932. (Co-operative Societies' Act.)

It runs thus—"No person being a member of a credit society, except a Land Mortgage Bank or a financing bank, shall be a member of any other credit society etc. and where a person has become a member of two such credit societies, either or both of the societies shall be bound to remove him from membership upon a written requisition of the Registrar to that effect."

The above rule enunciates a principle of conduct in the working of societies both in the interests of individual members as well as societies, and there can possibly be no exception taken on grounds of public policy too.

In practice however a difficulty is experienced so far as societies registered in other provinces under the societies Acts prevailing there and having branches here scattered all over, are concerned. I shall give an illustration. The Shamran Vittal Urban Bank (which is neither a Land Mortgage Bank nor a financing bank) registered in Bombay has got branches in S. Kanara and persons who are therein members, are to be found in several societies as borrowers in both institutions.

On principle this seems to be bad and the rule cannot be availed of perhaps because of its being restricted to this province. The Registrar was to give a general or special sanction in such cases as per said rule.

It seems desirable that the Registrar should give us a clear conception of the rule in cases of the above kind.

K. L. BHANDARI.

Madras Village Panchayats Bill.

Time for Suggestions Extended.

The following press communique has been issued by Government:—

Representations have been made to the Government that the period of one month allowed for objections or suggestions with respect to the Madras Village Panchayats Bill published in Part IV of the Fort St. George Gazette, dated 16th September 1941 is not sufficient. It has also come to their notice that the demand from the public for copies of the Bill was much larger than was anticipated with the result that the Government Press could not always comply promptly with demands for copies.

The Government therefore consider that some more time may be necessary for the public to offer suggestions, and accordingly direct that time for receipt of objections and suggestions be extended by one more month, i.e., till 16th November 1941.

Review.

The Board of Economic Enquiry, Punjab.

The Board of Economic Enquiry, Punjab, has been doing a great service to the people interested in the rural and urban conditions of the Province, in carrying on a series of investigations with the assistance of qualified people under expert supervision, and publishing the results of these investigations. The Board is also publishing useful data of Agricultural Statistics, Index Numbers of the Cost of Living, etc., for the information of the public. The present review deals with four of the publications of the Board.

(1) *Agricultural Statistics of the British Punjab, 1938-39—Publication No. 52 Supplement 3.*

This short brochure of about 40 pages gives, in a series of 75 tables, useful information regarding the agricultural statistics of British Punjab. It may be pointed out that the number of tables appears large due to assigning a number to the individual items of some big tables. The main information given can be classified under the following sub-heads:

1. Total area and classification of area;
2. Area under irrigation, which is classified according to the crop irrigated and sources of irrigation;
3. Area under different crops and the outturn of some important crops;
4. Agriculturists' capital, viz., livestock, ploughs, etc.;
5. Incidence of land revenue; and
6. Harvest prices.

All these figures are available in the volume of *Agricultural Statistics of India* published by the Director-General of Commercial Intelligence and Statistics. In addition, this volume supplies information regarding sales and mortgages of land; population of the province, relation of the water rate to the value of crops irrigated, loans to agriculturists, provincial budget estimates, and income and expenditure under the Development Departments, viz., Agricultural, Veterinary and Co-operative Departments. Useful information is being added on from year to year, the chief additions in the present volume being under (1) classification of area according to the classes of irrigation, (2) land revenue according as fixed or floating assessment, and (3) the demand and collection under each head. Four new tables re the volume and direction of imports and exports of 1937-38, are also added (Tables 66, 67, 68 and 69 relate to 1936-37). The trade figures given in Tables 72 to 75 relate to 1937-38, while all others refer to the year 1938-39. For all the new tables, except trade, corresponding information relating to the earlier years from 1901-02, also

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is given. For others, earlier figures are not given either because they are given in earlier issues or they are too bulky and can be had from other sources. This brochure will be welcomed by people interested in the agricultural statistics of British Punjab, because (1) it is more comprehensive than that supplied by the Government of India publication and (2) it is published much earlier and contains the latest available information. It would be even more useful if comment on the trends of important factors in the tables also were added.

(2) *Soldiers' Savings and how they use them.*—Publication No. 68.

This small publication is the result of an inquiry into the ways of saving and of expenditure of the savings of 216 men belonging to the Infantry and the Cavalry branches of the Indian Army recruited in the Punjab. The inquiry relates to the period 1934 to 1938 and includes all the important regions of the Punjab. A sample of 216 men, from among the above classes in the regions, who had been pensioned, transferred to Reserve, or otherwise discharged in the above period is taken for investigation. Of the total saving, the most important is deferred pay, contributing as much as 62 per cent. of the total. Regimental Funds and Post Office Savings Bank account for 7 per cent each and others are very small. Of the total savings, about 33 per cent is spent on productive purpose, and 12 per cent on unproductive, the balance coming midway. Investment on land comes under the first category. Ceremonies, litigation, ornaments and festivities under the second; and the others including repayment of debt, construction of houses, agricultural expenses, household expense, etc., in the third. It is interesting to note that, in spite of the repeated charges against Indians that most of the income is spent on marriages and other ceremonies, only 8 per cent. of the total is spent on them. The main recommendation made is that remuneration should as far as possible be paid in the form of investments like life policy, cash certificate, postal department thrift fund, rather than in cash as part of it may be misspent. Such surveys for other occupations in different regions are bound to be very useful in ascertaining the actual economic condition of the people and remove some misconceptions. Useful tables of data collected are appended to the report.

(3) *An Economic Survey of Lauma*—Publication No. 69.

This survey is of a small village Lauma in the Kanjara District of the Punjab. It has a population of 247 distributed in 57 families, the majority of whom are Hindus. It is near the large tea estate of Palampur and so cannot be taken to be a representative village of the taluk. The people of this village have special advantages of augmenting their income from employment in the tea estate. The report presents an exhaustive survey of the economic condition of the village, *viz.*, cropping and cultivation, irrigation, holdings, tenure, land revenue, indebtedness, sale of lands, price of land, yield, rents, cost of cultivation, and food

consumption. The introductory chapter gives a summary of the conditions of the village surveyed. As in most other parts of the country, the population is growing, the pressure on land is increasing, the competition for the cultivable land is raising rents leaving very little balance for the cultivators. To add to this, the soil is rocky and poor, and the little manure that is applied is often washed away by the rains. All the ills due to fragmentation of holdings are seen here. The only relieving feature is the proximity to the town Palampur and the tea estate; the latter serves to augment the scanty income from agriculture and the former gives "access to the outer world." The villagers go there to purchase their necessities and find work in the municipality, with the Canadian Mission, or with the people who come to spend summers in Palampur. In all other respects, *e.g.*, indebtedness, nutrition, etc., the conditions familiar in other villages of the country are seen here also. "Economic conditions are poor; incomes are small and barely suffice to meet expenditure on the necessities of life. Diets are ill-balanced, consisting of cereals and containing a minimum of the protective foods. Heavy rainfall yearly depletes the soil of valuable nitrogenous and other matter required for the production of crops."

(4) *Urban Working Class Cost of Living Index Number (1939)*—Publication No. 70.

This is the fourth annual series of the Urban Working Class Cost of Living Index Number. It contains five statements, five graphs and an introductory chapter explaining the method of construction of the indices and the explanation of the results of the analysis of the data. The first statement gives the index relative to each month of the year 1939 and for each centre for each of the main items (a) food, (b) fuel and light, (c) cloth, (d) rent and (e) miscellaneous, and the total cost of living index with comparative figures for the previous years. Statement II supplies the annual average for corresponding information relating to the different items of food and compares the relative changes in each centre from year to year. Table III brings together the information of the monthly and annual averages for the aggregate index numbers for five centres and in Table IV they are compared with other centres of India. Table V gives detailed information of prices on which these statements are made. The graphs represent the movements in 1939 of these five main items in the five centres, one graph relating to each item. These supply a very good picture of the relative variations in each centre. The main importance of the publication lies in the fact that it explains the method in detail, so that even a beginner can understand the basis on which they are constructed and can make use of detailed information given for comparisons with other people bearing in mind the different conditions.

N. S. S.

Resolutions.

RESOLUTIONS PASSED AT THE XXVIII MYSORE PROVINCIAL CO-OPERATIVE CONFERENCE :—

1. That at least Urban Co-operative Societies be permitted to appoint and fix the remuneration of their auditors from among the panel of auditors to be maintained by the Registrar, the audit fees being paid to them with the approval of the Registrar.
2. That at least two-thirds of the members of the Co-operative Advisory Committee be elected by the Mysore Provincial Co-operative Conference, after the term of the present Committee expires.
3. That as it is necessary to carry on intensive Co-operative Propaganda in rural areas, this Conference requests the Government to revive the system of Honorary Supervisors and Honorary Organisers.
4. That in order to improve the economic condition of the rural population through Co-operation still further, this Conference recommends to the Government.
 - i. That an economic survey be carried out forthwith throughout the country-side under the auspices of the Village Panchayats;
 - ii. That the functions and the activities of Village Panchayats and Co-operative Societies be co-ordinated; and
 - iii. That as a means to the above end, the system of Village Banks or Multiple-purposes Co-operative Societies, advocated by the Reserve Bank, be introduced into as many villages as possible.
5. That the Government be requested to combine the Training Classes for Inspectors which are directed to be conducted by the Registrar with the Training Classes which are being conducted by the Mysore Co-operative Institute as a regular feature of its activities for the past seven years.
6. That the Government be requested to arrange for the compilation of all the Circulars issued from time to time by the Registrar in book form and for the supply of copies of the same to all Co-operative Societies free of cost.
7. That the following be added at the end of the first paragraph of Rule 6 (b) under the Mysore Co-operative Societies Act :
 "And that no person shall serve on any Committee of Management either as President or Director for more than three years consecutively."

RESOLUTIONS

8. That the Government be requested to expedite the starting of Debt Conciliation Boards in all the places to which the Land Mortgage Scheme has been extended.
9. That the Government be requested to finance the Central Financing Banks at such low rates of interest as would permit the latter to lend the Primary Societies, for marketing agricultural produce, at such rates of interest as would enable them to advance to the producers at rates not exceeding the rates charged by the capitalistic banking agencies on similar transactions, having also in view the margin which the two classes of societies will have to keep between their borrowing and lending rates to meet their working expenses.
10. That the Government be requested to make provision for refund of half the institution fees in all co-operative disputes disposed of by the Departmental Officers or the Arbitrators without contest.
11. That the Government be requested to exempt all Co-operative Societies from the operation of Section 60 of the Civil Procedure Code as amended by the Act XIII of 1938 and Act XXI of 1941 and provide as before for the attachment of salaries above Rs. 20 per mensem.
12. That the Government be requested to make provision for the attachment of salaries or wages of the employees of the Mysore State Railway, the Bank of Mysore and other Joint Stock Banks.
13. That the Government be requested to direct the Revenue authorities to give to the respective Co-operative Societies full details of the decrees returned unexecuted immediately on such return so that the Societies might be enabled to take suitable further action without undue delay.
14. That the Government be requested to increase the fee payable per dispute to the arbitrators as incidental expenses from annas four to at least annas eight.

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Working of Societies.

Working of the Provincial Co-operative Marketing Society for 1940-41.

The society was registered on 2-10-1936 and started working on 12-10-1936 and this is the 5th year of its working.

Membership and share capital rose from 156 and Rs. 6,860 to 177 and Rs. 7,635 during the year. The transactions of the society has increased from Rs. 9,138 in the year 1936-37 to Rs. 2,35,470 in the year 1940-41. A comparative statement of the progress of transactions from the beginning is given below.

1936-37	1937-38	1938-39	1939-40	1940-41.
9,138	86,775	1,70,452	2,00,337	2,35,471

The transactions have been mainly in sathugudi oranges from Kodur, ghee from Rasipuram, milled and handpounded rice from Maipad and Ramachandrapuram. The sathugudi oranges are being graded in the fruit depot and sold to the customers. The Maipad society is grading the rice, both milled and handpounded, and then send it to the Provincial society for sale. Thus out of the articles sold by the society two main articles are graded according to the instructions of the Marketing Adviser to the Government of India and sold. There is great demand for the graded articles and in course of time grading of ghee and other similar articles will be taken up.

The main income of the society is commission on sales. The society is charging a commission of six pies per rupee worth of sales on non-perishables and nine pies per rupee on perishables. Sathugudi oranges of Kodur society are sold on the following arrangement. The society charges a commission of one anna per rupee on the producers and half of this is returned to the society after the audit is over. For every 100 oranges 5 fruits are supplied extra by the producer. For these 5 fruits, irrespective of the rates for 100 fruits, the society charges the purchaser commission of 1 anna. This commission is taken by the Provincial Marketing Society.

It is the endeavour of the Provincial society to find wholesale sale for the goods sent by the individual members and the societies. But as there is keen competition in Madras and as the wholesale price is below the expectation of the members, the society is obliged to find retail sales for the goods. The retail prices are favourable to the members. In order to find quick sales of the articles, the Provincial society has got sales depots in the following places.

Head Office godown : 582, Pycroft's Road, Triplicane.

Mint Street Branch : 327, Mint Street, George Town, Madras.

Theagarayanagar Branch : 1/14, Pondy Bazaar, Theagarayanagar.

A separate depot for fruits is at Bunder Street, Madras. A fortnight back a depot for the cocoanut and a depot for the firewood have been

opened at Barbers Bridge and at Bunder Street, G. T. Madras. The depots were started with the immediate object of finding sale for the cocoanuts and firewood and charcoal produced by the members of the Kadapakam cocoanut and Firewood Growers' Co-operative Society in Chingleput District. Cocoanuts from Tanjore and Trichinopoly Districts are also expected. The Society has so far received cocoanuts and charcoal from Kadapakam.

The society is also publishing a printed weekly price list which is divided into three parts, the first part containing list of articles available with the society, the second part commodities available with the other co-operative institutions in the presidency and the third part of the Madras wholesale market prices for important articles. The publication of the list is very useful both to the producers and the consumers.

Special activities of the Madras Handloom Weavers' Provincial Co-operative Society.

1. *Membership* :—This is the 6th year of the working of the Madras Handloom Weavers' Provincial Co-operative Society Ltd. On the last day of the co-operative year 1940-41, there were 327 members on rolls, composed of 181 primary weavers' societies, 87 individuals, 49 co-operative institutions, 9 firms and 1 institution, with a paid up share capital of Rs. 63,425 as against Rs. 41,930 on 30-6-40.

2. *Subvention* :—During the financial year 1940-41, a subvention of Rs. 98,888 was drawn by the Provincial Society and a sum of Rs. 92,687 was spent as follows :—

	Rs.
Direct help to societies	... 43,948
Cost of Sales depots	... 12,039
Machinery	... 4,808
Establishment	... 15,654
Advertisement, T. A. etc.	... 16,238
	92,687

3. *Financial assistance* :—Besides subsidy paid to 167 societies, the Provincial Society also assisted the primaries by sanctioning yarn loan of Rs. 36,304, cash credit of Rs. 19,209 and goods advance of Rs. 21,783 during the year 1940-41.

4. *Sales depots* :—The eight sales depots working on the last day of the Co-operative year 1939-40 continued to work during this year also. The ninth depot was opened at Salem on 1-7-41. Arrangements are being made for opening sales depots at Madura, Coimbatore and Nellore. Goods to the value of Rs. 1,59,161 were sold through the depots during 1940-41 as against Rs. 1,38,800 during 1939-40. The proposal to stock yarn in the

depots and distribute it to the primary societies was not given effect to owing to the abnormal rise in the price of yarn.

5. *Staff*:—Experienced Marketing Officers have been appointed on a basic salary plus commission system. Three new designers have also been appointed making the total number of designers 5. The indoor staff has been strengthened by the addition of an office Manager.

6. *Marketing*:—The Provincial Society continued to explore the possibilities of marketing of handloom goods in bulk. The systems of marketing through sales depots of the Provincial Society, through wholesale agencies, through co-operative institutions and hawkers are still continued. The problem of appointing wholesale agencies on reasonable terms of business throughout India and in select areas outside India is now engaging the attention of the Provincial Society.

7. *Supply of Government requirements*:—The Provincial Society has obtained approved samples from the consuming departments of the Provincial Government viz., Stationery, Police, Hospital etc., and from the Indian Stores Depots, analysed the cloth and communicated the quality particulars to select societies for the manufacture of counter samples. If the societies are able to produce counter samples according to the specifications given, there is a vast field of enterprise before them.

8. *Supply of yarn*:—Owing to the steep rise in the price of yarn, many weavers' societies felt enormous difficulty in getting adequate supplies of yarn. The Provincial Society has booked 1260 bales of yarn from the Madura Mills against forward contract for delivery from September to December '41. Despatch instructions for the supply of yarn to the value of Rs. 79,411-1-0 have already been issued to the Mills. Owing to abnormal increase in the price of dyes and chemicals and the non-availability of some dyes, societies using colour yarn experienced great difficulty. In order to solve the problem of supplying dyed yarn of guaranteed quality, the Provincial Society has opened a Dyeing factory at Madura from 15-5-41. It has so far sold dyed yarn to the value of Rs. 11,359-9-0 till 31-8-41.

9. *Primary Weavers' Societies*:—The affiliated societies also continued to make satisfactory progress. Many of them have appointed paid Secretaries and Managers approved by the Provincial Society. On 30-6-41 there were 12,843 members in the primary societies with a paid up share capital of Rs. 1,48,448. The sales effected by all the affiliated societies during 1940-41 was Rs. 12,24,136 against Rs. 10,33,026 during 1939-40.

South Kanara District Co-operative Advancement Society Ltd., No. L. 406.
Mangalore.

Report of Work For The Years 1939-41, adopted at the general body meeting of the Society held on September 7, 1941.

On the 22nd April 1939, the Society was registered under the Co-operative Societies Act, by Sri K. Sarvotham Rao, M. A., Deputy Registrar of

Co-operative Societies, S. Kanara, on the basis of limited liability. The main objects were defined to be:—

1. Propaganda and Education in the principles and practice of Co-operation by (a) holding Training Classes and Refresher Courses (b) holding conferences (c) publishing periodicals and the like (d) maintaining a library (e) arranging propaganda tours and lectures (f) arranging for exhibition of articles of Co-operative manufacture and such other means.

2. To explore and stimulate the organisation of special types of societies.

3. To serve as an exponent of non-official co-operative opinion in the District.

4. To study the problems and to initiate and help all work for the rural development of the District.

5. To arrange for the training and employment of village guides.

6. And to do all things as may be necessary or conducive to the agricultural and industrial advancement of its members in particular and the district in general.

The starting meeting of the Society was held on June 25, 1939 with 23 members, the first of them being Sri M. Shiva Rao, Puttur. In accordance with the by-laws, ten directors were elected for a period of 3 years and two seats were kept vacant to be filled up from among new members and these were filled up later. The first ten directors were Messrs. Ullal Mangesh Rao (President), M. S. Madhava Rao, (Vice-President), U. Govinda Rao (Secretary), Khan Bahadur Mahammad Schamnad Sahab, M.L.A., K. Devadas Shenai, K. Ishwara, M.L.A., B. Anantha Rao, K. L. Kudva, K. L. Bhandary and M. Shiva Rao and those that were elected subsequently were Messrs. K. J. Ballal and K. B. Jinaraja Hegde, M.L.A. (Central).

45 new members from Puttur, Vittal, Kasaragod, Mangalore, Moodabidri, Udipi and Kundapur joined the Society during the year 1939-40 and 5 more joined in 1940-41, the total number of members on June 30, 1941 being 73.

Besides the starting meeting, 3 meetings of the Board of Directors were held on July 30, 1939, February 4, 1940 and July 20, 1940. All the rest of the business was decided upon by correspondence and circulation. The Sub-Committee appointed by the meeting on July 20, 1940 met the next day.

The Executive Committee of the Central Co-operative Bank decided at its meeting held on 29-7-1939 to make over to this Society the holding of Training Classes for members and Panchayatdars of societies but the proposal was not approved by the Registrar of Co-operative Societies, probably as the Society was considered to be too new to be entrusted with this work and hence the classes were conducted under the auspices of the Central Bank, as usual.

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The Central Bank library was made over to the Society on February 14, 1940. The Society received donations of Rs. 135 from the South Kanara Agriculturists' Wholesale Co-operative Society, Rs. 50 from the Kasaragod Co-operative Town Bank, Ltd., Rs. 25 from the Hosdurg Co-operative Society, Rs. 15 from the Puttur R. C. S., Rs. 4 from Kundapur Teachers' Co-operative Society and Rs. 30 from Kota Co-operative Society and the Society is deeply grateful to all the donors for their contributions. The Society added new volumes to the library at a total cost of Rs. 174-13-0. The library was housed in the Central Bank itself and the old arrangements had to be continued until the 3rd week of June 1940 when it was shifted to a newly opened rented office of the Society. After the new office was set up a Reading Room was also opened where the "Hindu", the "Mail", the "Swadeshbhimani", the "Kanteerava", the "Prabuddha Karnataka", the "Hubli Gazette", the "Mysore Sahakari Journal", the "Kodagu Sahakari Journal", the "Madras Co-operative Journal", the "Bombay Co-operative Quarterly" and the "All India Co-operative Review" are made available. The first two dailies are made available by Messrs. H. Ramaraya Mallya and U. Govinda Rao, the next six are exchange copies for the Sahakari and the last three are made available by the South Kanara Central Co-operative Bank. The Society is grateful to all those that have helped the Reading Room with the papers and journals.

The management of Kannada Sahakari was also handed over by the Central Co-operative Bank to the Society, with its assets and liabilities and since the October 1939 issue of the Journal, it is being published by the Advancement Society. But the accounts in connection with the Journal were maintained by the Bank itself till the end of June 1940 and were later taken over by the Society. The publication of the Journal has been timely and regular. A statement, showing the financial state of affairs of the Journal, is separately given.

The Provincial Co-operative Union which paid a subsidy of Rs. 250 during 1937-38 cut it down to Rs. 195 during 1938-39 onwards. Since the January 1940 issue, eight pages are being devoted to educational matters exclusively, and as some of the experienced teachers of the Teachers' Guild have been writing to these pages this supplement is proving a real contribution in the direction of improving elementary school education. Spread of education being closely connected with the spread of co-operation in villages and as many village teachers take active part in village societies, and also because of the policy of the Journal of devoting itself to rural reconstruction activities in all its aspects, the introduction of this supplement is quite legitimate and it is only hoped that the teaching profession in the district will make fuller use of it.

Weekly study classes were organized for about a month in the Cultural Association and several problems in connection with the co-operative

movement were discussed, Sri K. S. U. Nair, Principal, Government College, Mangalore, taking a leading part in these discussions. He also read two papers, one on "How Co-operation can help to improve the yield of land" and another on "Associations of tenants at will for improved cultivation and the betterment of their economic condition". Both these papers were translated into Kanarese and were published in Kanada Sahakari.

The District Co-operative Conference and the exhibition of articles of Cottage Industries and of Co-operative Manufacture, organised by the Advancement Society were held at Udipi, during the last week of May 1940, detailed reports of which were published in Kannada Sahakari and other Co-operative Journals of Madras, Bombay and Mysore as well as the English Dailies of Madras. It will suffice to point out that the Conference served two of our objects, educational propaganda on behalf of the Movement and a step in the direction of formulating the non-official co-operative opinion in the district.

As regards the organization of special types of societies, the only society organized by the Advancement Society during the period is the S. K. Cottage Industries' Co-operative Society Ltd. Three of the Womens' Cottage Industry Societies in the district have already affiliated themselves to this Central Society and hand-spinning and weaving of cotton are being carried on in Mangalore area. One other primary society for coir industry has been registered and started at Ullal but as the arrangements to teach improved methods in the industry have been postponed, the work could not be pushed forward as expected. A society for Palm Jaggery Manufacturers was also formed at Kallige and the starting meeting was held recently.

One other matter taken up by this Society was the publication of an Industrial and Commercial Directory and material for the same was collected. But the publication had to be dropped for the present on account of the heavy cost of publication due to the war.

From the brief sketch of work attempted by the Society it will be seen that there is a vast scope of work before it.

While thanking all those that have rendered help in various ways to the Society, we may conclude by an earnest appeal to all co-operators and co-operative societies in the district to realise the immense potentialities of the Advancement Society in furthering the co-operative movement in the District and render it greater help and co-operation and make its working a success.

Working of the North Arcot District Co-operative Electric Motor and Power Pump Supply Society Ltd.

The North Arcot District Co-operative Electric Motor and Power Pump Supply Society Ltd., No. C. 1394 was inaugurated by the Registrar of Co-operative Societies, Madras on the 16th February 1941. This Society is first of its kind in the Presidency. It fulfils a long felt need in this

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district. The Society meets the demand for motor and power pumps for irrigation purposes in villages and supplies pumping sets, spare parts etc. at reasonable prices. It provides its members with loans repayable in 7 years at $6\frac{1}{4}$ per cent. per annum. Instructing the ryots in improved methods of cultivation is also one of its objects.

2. The area of operations of the Society extends to the whole of the North Arcot district.

3. The authorised capital of the Society is Rs. 1,00,000 made up of 10000 shares of Rs. 10 each payable in lump. At present it has a paid up share capital of Rs. 550.

4. The Society is eligible to borrow 8 times its paid-up share capital. It has now applied for the enhancement of this limit to 10 times the paid-up share capital in view of the existing credit limit of ten times the share capital to members. The Central Bank has sanctioned an overdraft of Rs. 20,000 to the Society.

5. A member is eligible to borrow Rs. 500. The Society has applied for enhancing this limit to Rs. 800 owing to the abnormal increase in the price of pumps and accessories on account of war conditions.

6. On the date of starting, 29 members joined the Society with a share capital of Rs. 290. Since then 22 more members have joined thereby raising the total membership to 51.

7. The Management of the Society vests in a Board of seven directors elected once in 3 years of whom one is the President and another Vice-President. The Society co-opted the Divisional Electrical Engineer, Vellore as a director with a view to have his expert advice and guidance but this has not been approved by the Chief Engineer.

To facilitate the prompt disposal of loan applications and other matters connected therewith, the Board has appointed a Sub-committee consisting of the President, Vice President, and another director.

The security for the loans given to members is the land in which pumping installation is made. In all cases the value of land offered as security is at least twice the amount of the loan given.

8. On the expert advice of the Divisional Electrical Engineer, Vellore, the Society is concentrating its attention at present only in selected areas, Kalavai, Vaniyambadi, Thiruvannamalai, and Wallajah, where electrical energy could be had easily without large expenditure to Government. The work done by the society so far is briefly detailed below :—

It has sanctioned 19 loans so far for the purchase of		
8 applications in Kalavai area,	7/3 H. P.	Pumps.
9 " " Vaniyambadi	3/4 H. P.	"
and 2 " " Thiruvannamalai area.	9/5 H. P.	"

Eleven pumping sets have already been supplied to 11 members at an estimated cost of about Rs. 7,500 inclusive of installation charges. The Society has supplied one pumping set to the District Board Office, Vellore. Some more applications in the Vaniyambadi, Wallajah and Thiruvannamalai areas are pending scrutiny.

The Vellore Electric supply Corporation has agreed to put up a sub-station at Katpadi to serve the ryots around that place.

9. Messrs. Kirloskar Bros. represented by Parry and Co., Madras and Messrs. P. S. G. and Sons, Coimbatore are the supplying firms. They have agreed to supply on the following conditions.

- (1) Installation free for the present.
- (2) Periodical inspection of the plant free for one year.
- (3) Payment to be made after test working of the plant is given.
- (4) Pumping sets to be delivered free of conveyance charges in any place in the district.
- (5) Quotations liable to market fluctuation from time to time

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REGISTRAR'S SUGGESTIONS

PART I.

Loans by Sale Societies.

1. Every loan sanctioned by a Loan and Sale Society to a member shall be secured by the pledge of produce.

2. No member shall be given a loan exceeding 75 per cent. of the market value in the case of food grains and 60 per cent. in the case of commercial produce offered to be pledged as security for the loan. If, at any time during the currency of the loan there is a fall in the value of the produce pledged, owing to a fall in the price of that commodity or a deterioration in its quality or an account of any other reason, it shall be the duty of the borrowing member to furnish such additional security as may be demanded by the society to cover the deficit. It shall be competent for the society to foreclose the loan and recover the entire amount from the member, if he fails to furnish additional security within the time fixed by the society.

3. The loan to a member shall not ordinarily exceed Rs. 500. The limit may be raised in individual cases, provided the directors of the society are satisfied that the produce pledged has been raised by the member concerned, and a certificate to that effect is recorded by the directors. Subject to these conditions, a member may be given a loan not exceeding 50 times the share capital actually paid by him, subject to a maximum of Rs. 5,000.

N. B. A member may pay for his shares in full at the time of allotment, or such portion of it as may be fixed by the society at the time of taking the shares and the balance when the produce is sold or the loan is cleared.

4. The produce pledged by the member shall be secured either in the society's own godown or in other suitable godowns approved by the Central Bank which finances the society. In the case of a godown rented by a member a letter should be taken from its owner to the effect that he has no lien on the produce stored in such godowns, and this letter should be filed with the bonds executed by the members concerned.

5. The Godown-Inspector shall verify the produce stored in the godown and certify to the correctness of the particulars regarding the quality, quantity and market value of the produce furnished by the member in his loan application to the society, and no loan shall be disbursed to a member until after the Godown-Inspector's certificate has been received and the society has secured the key of the godown.

6. Where the produce is stored in improvised godowns (puries, pits etc.) the member shall furnish collateral security bonds with two sureties or mortgage of immovable properties in the form of a continuing guarantee bond. No loan exceeding Rs. 250 shall be granted on the pledge of produce

stored in improvised godowns. Small Sub-committees composed of well-to-do persons may be appointed for a group of villages to recommend loan applications and to verify the stock at regular intervals; The members of the Sub-Committee shall execute an indemnity bond each year guaranteeing the safe custody of the produce. In the case of rural credit societies, the panchayatdars themselves shall be responsible for ensuring the safe custody of the produce and shall execute a bond to this effect. They shall verify the stock once a fortnight or at least once in a month.

7. Where a guarantee is taken, as in the case of turmeric, the guarantor shall also join in the execution of the bond.

8. No loan shall ordinarily be given for a period exceeding 6 months. The period may, however, be extended to 9 months or even 1 year in exceptional cases, where the commodities can keep for long time in good condition. The loan shall be repaid on the expiry of the period of the loan, or earlier, if the produce is sold in the meantime. On the discharge of the loan, the produce shall be released. A part of the produce may also be released if the member so desires on the payment of the proportionate market value, provided the balance of the produce is sufficient to cover the balance of the loan. If the loan is not repaid on the due date, it shall be open to the Central Bank which finances the society to sell the produce and realise the debt. The member shall be liable to make good the deficit, if any, in the sale proceeds of the produce.

PART II

Loans and cash credits from Central Banks—Limits and Procedure.

1. A central Bank may allow cash credit accommodation to a Sale society to grant loans to its members, subject to the conditions mentioned in Part I of these rules, under what is known as the 'open loan system.' The limit for the cash credit shall be fixed with reference to the requirements of the society and also reference to its owned capital, the efficiency of its management, etc. The amounts drawn against the cash credit shall be secured by the floating assets of the society.

2. After the cash credit has been drawn upon to the full extent, or at convenient intervals, a loan may be obtained by the society from the Central Bank to the extent of the amount drawn from the cash credit account and the loan amount adjusted to the cash credit account so that the cash credit may be available for further drawals.

3. The loan given by the Central Bank shall be secured by the pledge of produce transferred by the sale society to the central bank and no loan shall be given to a society exceeding the amount of loans given by the latter to its members on the pledge of produce transferred to the Central Bank. The total borrowings of the society both by way of loan and by way of cash credit shall not at any time be 50 times its paid up share capital and reserve fund.

4. The sale society shall execute a bond in favour of the Central Bank and the bonds obtained by it from its members shall also be assigned to it. In the case of unregistered pronotes of societies they should be executed in the central bank's premises in the presence of the President or the Secretary of the Central Bank concerned or in accordance with the procedure indicated in the Registrar's circular No. R. C. 10491/38-A, dated 2-10-39.

5. The sale society shall not reloan the collections made from its members and all amounts repaid by the members to the society towards the repayment of their loans shall forthwith be paid by the society to the Central Bank.

PART III.

Custody of Produce.

(That Central Banks should have effective custody of the produce pledged by sale societies is one of the most important safeguards in the grant of produce loans by them. In practice, however, it does not appear that this is being strictly adhered to in all cases. The difficulty seems to arise because the business of sale societies is not confined to what are called by joint stock banks as 'key loans', where each individual loan is covered by the pledge of produce kept in a separate closed godown, but also includes the grant of loans against produce kept in their own open godowns. In the latter case the produce of more than one member is stored in one godown and unless the key of the godown is available on the spot, there will be practical difficulties in the deposit and release of produce from day to day. It will not, therefore, be possible for the central bank to take possession of the keys of the godown. Even in the case of closed godowns, similar difficulties may arise if the produce of more than one member is kept in them. The rules in this part are designed to secure for central banks effective custody of the produce minimising at the same time inconvenience to sale societies and their members.)

1. The produce pledged shall be placed in the joint custody of the central bank and the sale society, whether stored in closed godowns or in open godowns belonging to the society. In either case, the godowns shall be maintained under the double lock system, the key of one lock being kept with the sale society and the key of the other with the Central Bank or its duly authorised agent or representative.

2. The society shall be primarily responsible for watching the godowns in which the produce is pledged and any loss on account of theft, defective insurance or otherwise shall not affect the Central Bank.

3. The central bank shall appoint one of its permanent employees as godown inspector in every society which has borrowed more than Rs. 60,000 from it during the season. This employee shall be controlled by the central bank, and the sale society have no control over him. He shall have complete control over the closed and open godowns of the society and

shall have custody of one of the keys of the godowns on behalf of the central bank. It shall be his duty to regulate the deposit and release of the produce and the release of produce shall not be made except on his authorisation. The cost of the godown inspector may be met either entirely by the central bank or shared by the central bank and the sale society in such proportion as may be determined by the central bank.

4. Where the borrowings of a sale society do not exceed Rs. 50,000 it may not be possible to maintain a separate godown inspector for each society. In such a case the cash credit sanctioned by the society shall be subject to a maximum of Rs. 10,000 which shall be the limit up to which the society may grant loans on the pledge of produce kept in its open godowns. The limit shall not, however, apply to loans granted on the pledge of produce kept in closed godowns. It shall be open to the society to convert the amounts drawn from the cash credit into loans and recoup the cash credit for further business by transferring the produce kept in its open godown to suitable closed godowns approved by the central bank. In all cases of loans granted on the pledge of produce kept in or transferred to closed godowns from the open godown of the society, one of the keys of the godowns shall be handed over to the central bank if the sale society is situated at the headquarters of the central bank or its branch or to the duly authorised agent of the bank.

5. The Central Bank may appoint a godown Inspector for 2 or more societies in the area to make surprise inspection of the godowns in which produce has been pledged to the society. It shall be the duty of this Inspector to receive the keys of the closed godowns and no loan shall be sanctioned by the central bank either in cash or by adjustment to the cash credit account until the bank has received his report.

6. Where there is an urban bank in the locality and it agrees to take possession of the keys, such bank may be appointed by the Central Bank as its agent for this purpose and the society may be required to operate upon the cash credit account only through the bank, which shall not permit withdrawal from the cash credit account unless the keys of the respective closed godowns are handed over to it. For the service rendered by the urban bank in this respect, it may be paid by way of fees, some commission on the total turnover and the charges may be borne either entirely by the Central Bank or partly by the bank and partly by the society, as may be fixed by the Central Bank.

7. When the business of the sale society reaches Rs. 50,000 the Central Bank shall appoint a godown Inspector to be exclusively in charge of its godowns and shall refuse to finance the society, if it does not agree to this step.

8. The Central Bank shall obtain adequate security from the godown Inspectors. The security may be in the shape of cash or personal security (two sureties to the satisfaction of the Central Bank) or a fidelity guarantee.

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9. Every closed godown shall have a sign board hung up in a prominent place bearing the name of the Bank and indicating that the contents of the godown are in the custody of the bank.

PART IV.

Insurance.

1. In respect of all loans exceeding Rs. 250 on non-combustible produce and all loans against combustible produce, the produce shall be covered by insurance against fire.

2. The produce shall be insured for its full market value and the insurance policy shall be in the joint names of the sales society and the Central Bank. The period of insurance shall normally correspond with the period fixed for the repayment of the loan. If the loan is not repaid within the time fixed, the society shall get the insurance policy on that loan extended for the period required.

3. If the sale society fails to insure the produce in the first instance or to extend the policy later, the Central Bank shall have the power to obtain a policy itself or effect an extension to it, and debit the premium or premia to the account of the society.

4. Combustible goods and non-combustible goods should not be stored in the same godown as in the event of a fire accident even the non-combustible goods will be destroyed or damaged. Where, however, they have to be kept in the same godown, either the non-combustible goods should also be insured, or the godown should be made into two compartments by fire proof partition, the combustible goods being placed in the compartment and the non-combustible goods in the other.

5. The sale society should see that, wherever necessary the borrower takes a policy to cover his produce against war risks.

PART V.

Control and Inspection by the Bank's Staff.

1. No loan shall be sanctioned by the Central Bank unless the application for the loan is accompanied by a report from the godown Inspector in charge of the society recommending the sanction of the loan.

2. The godown Inspector's report shall contain details as regards the quality and quantity of the produce pledged its market value, the amount for which it has been insured etc., and shall be accompanied by a certificate signed by him to the effect that the society has adopted all the safeguards and has adhered to all the conditions prescribed for the grant of produce loans.

3. In the case of withdrawals from the Cash Credit the withdrawal shall not be allowed by the Central Bank unless the cheque is accompanied by a certificate signed by two of the directors of whom one shall be the

GRANT OF PRODUCE LOANS

President or the Secretary stating the purpose for which the cash credit is drawn upon.

4. The society shall send to the Central Bank at the close of every day a post card furnishing separately the kind, the quantity and the value of the stock on hand kept in its open and closed godowns and also the amount for which the stock has been insured.

5. Where the business of the society exceeds Rs. 50,000 the Godown Inspector shall countersign these daily reports in token of his having verified the correctness of the particulars furnished in them.

6. The Godown Inspector shall also check the stock regularly every fortnight and submit a stock statement in duplicate to the Central Bank.

7. It shall be the duty of the Central Bank to arrange for the periodical inspection of the godowns by one of its responsible officers and such inspections shall be undertaken at least once in every 2 months. This will be necessary to ensure that the godown Inspectors have been discharging their duties properly.

THE INDIAN CO-OPERATIVE REVIEW

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News & Notes.

Industrialise the Country.

Sir M. Visweswarayya, addressing a Joint meeting of the two committees of the All India Manufacturers' organisation said that the need for a vigorous co-operative effort on the part of industrialists and leading citizens to bring into existence as many new industrial establishments and to increase their value of output from quarter to quarter was absolutely necessary. While deploring the lethargic attitude prevailing in the country he stressed that mass education, industries and defence machinery were the three great needs of the hour. He pleaded for a central organisation of manufacturers and industrialists and pointed out the necessity of studying the post-war reconstruction work in the field of industries which was the urgent need of the hour. Though the Government have constituted a committee, it was the duty of public-spirited men to help in this effort and said that in order to maximise production a dozen capable dynamic men keenly alive to the value of industries and fertile in new ideas should be invited to take up the responsibility for conducting a drive for this purpose in each region for at least one year at a time. He also said that we must adapt ourselves to changing conditions of the world.

Rural Development in the United Provinces.

The Rural Development Officer in his report to the Government has recorded important changes in the general supervision carried out during the year which included the elimination of inefficient and unsuitable organisers. He says that development of cottage industries is an uphill task but the war has given an impetus to these industries, viz., blankets, niwar etc. Large supplies of these goods have so far been made to the Supply Department of the Government of India. The Government have given a grant of Rs. 23,940 to the All India Spinners Association which had maintained 12 weaving and spinning centres and has trained a large number of men who would be able to supplement their incomes by their learning at the Association. The maintenance of 21 eye-relief camps is the popular feature and it is understood that Government proposes to increase this number.

Co-operation in Mysore.

Presiding over the 12th Mysore Provincial Vysya Co-operative Conference Mr. V. R. Satyanarayana of Rajampet expressed his appreciation of the progress made by the co-operative movement in Mysore and the good results it had achieved within a comparatively short time. He said that in India where the masses were so poor economically, co-operation could not but embrace practically their whole economic life. He complimented Mysore for working the Land Mortgage scheme on the lines of Madras and said that the system of controlled credit was best suited to the agriculturist. He expressed a suggestion that Mysore would also follow the lead of Madras in the direction of starting a co-operative college.

Co-operation in Travancore.

On the representation made to the Government of Travancore by the members of the Legislature and others regarding the decline of the co-operative movement in the State and the effective steps to be taken in the right direction, the Government which have great faith in the potentialities of the Movement as an efficient factor in promoting economic life in various spheres such as agriculture, cottage industries and marketing of agricultural products have decided to appoint a Committee

composed of leading non-official co-operators of the State with the Registrar of Co-operative Societies as the Ex-officio chairman and convenor. It is stated that the Committee would submit a scheme within three months from this date. Particular attention, it is understood, will be paid to the reconstruction of the financing banks and the restoration and development of non-credit activities.

Co-operative Institute at Tanjore.

Mr. S. A. Venkataraman, I.C.S., Registrar of Co-operative Societies in opening the "Gray Hall" at the Co-operative Buildings, Tanjore, which is proposed to be utilised for housing the Hood Co-operative Institute, said that while one might be satisfied with the progress of the Movement he appealed that in co-operation the human aspect should be thoroughly understood and developed and that the main object of making these Institutes permanent was to train a band of enthusiastic young men whose duty should be to carry the message of co-operation and its new ideals to the distant villagers. He hoped that so far as the Institute was concerned, it would take full advantage of facilities and make the institute a live centre for the propagation of co-operative ideals and practice in the right channel and uphold its high traditions.

Conference Resolutions.

At the 28th session of the Mysore Provincial co-operative Conference, important resolutions like the starting of Debt Conciliation Boards as expeditiously as possible in all places where the scheme of Land Mortgage has been extended, carrying out of village economic surveys under the auspices of the village panchayats, advocating the system of village banks or the multi-purpose societies, exempting co-operative societies from the operation of section 60 of the Civil Procedure Code and fixing time limit for the tenure of office of the president or directors were passed.

Co-operative Registrar in Salem.

The Registrar of Co-operative Societies visited the Co-operative Milk Supply Union and the Co-operative Sale Society and also attended the dinner party given by Rao Sahib T. M. Chinniah Pillai, President of the Salem District Urban Bank. The Registrar while presiding over the Silver Jubilee celebrations of the Rural Co-operative Societies of Valasaiyur and Perumampalayam advised the ryots to join the co-operative movement in larger numbers not merely for getting cheap credit but also to improve the marketing facilities for their products. He complimented Salem district for working satisfactorily the system of controlled credit. He visited the Salem District Industrial and Commercial Museum and the local branch of the Madras Provincial Co-operative Weavers' Emporium.

Wartime Displays.

Over 300 societies now co-operate, through the Co-operative Union, with the Ministry of Information, in making topical wartime displays. Windows in prominent positions—usually on main road frontages of emporiums and dry-goods branches—are selected. Extensive publicity was given to the value of immunisation in combating the spread of infectious disease, and the efforts of many societies earned warm praise from local Medical Officers of Health. Another topical display was based on the need for protection against gas attack.

U. P. Provincial Industrial Co-operative Federation.

Since the beginning of the year a need was felt for the starting of a central federation by the small co-operative societies which have undertaken to supply war

needs to the Supply Department of the Government of India as it was thought that a Central organisation would obtain better terms and secure economy and uniformity in the execution of orders. This new idea coincided with the decision taken by the officers of the Department of U. P. and as a consequence a Society by the name 'The Provincial Industrial Co-operative Federation' was registered under the Co-operative Societies Act with head-quarters at Lucknow. The objects of the Federation are to develop, improve and foster cottage industries of the province on co-operative lines, to establish factories and workshops, to raise funds required for the business of the federation, to stock raw materials and implements and to advance them to members, to secure orders for the supply of commodities and to distribute them among constituent members, to work as selling agents for the products of its members, to establish trade connections, sale depots and selling agencies and to start and develop new cottage industries in the province etc. The membership is open to all co-operative unions and stores and societies of weavers, cottage workers and industrialists in the province registered under the Act. The management of the society is vested in a board consisting of eight elected directors from amongst the delegates of member institutions, three ex-officio directors with the Registrar of Co-operative Societies as its President.

Educate Ryots.

At a meeting of the Rural Development Board in Pudukottah, the Chief Medical and Sanitary Officer while initiating a discussion on education of ryots in the preservation of manure said that the pit system should be encouraged and wanted practical experiments should be undertaken to convince the ryot of the benefits of the system. It was also explained how manure could be preserved. It was decided that agricultural demonstrators might be asked to undertake the work in three villages in a taluk.

Milk Supply Workers' Association.

The milk supply workers of Ayannavaram met and decided to form an association of workers to protect their interests and to have the same registered under the Trade Unions Act and the union recognised by the Milk Supply Union. Mr. P. R. K. Sarma who presided over the meeting was elected as the President of the newly formed Association.

Task of Rural Reconstruction.

In presiding over the 2nd anniversary of the Young Men's Association Rural Reconstruction Centre at Ollur Mr. K. Achyutha Menon, Chief Secretary to the Government of Cochin, observed that it was the duty of the educated youths of each village to study the causes of the deterioration of their villages and to suggest to Government suitable schemes for reconstruction and it was also their duty to work such schemes with the support and co-operation of Government and the public.

Controlled Credit In Salem District.

Mr. Sher Jang Khan, of the Agricultural Credit Department of the Reserve Bank of India, Bombay Branch, inspected a number of rural co-operative societies in Salem district to study the controlled credit system which is claimed to be a success here. Mr. Khan visited a number of rural societies and also important societies like the Salem District Urban Bank, the Salem Emporium of the Madras Handloom Weavers' Co-operative Society and the Salem Co-operative Sale Society

NEWS AND NOTES

at Shevapet. One of the rural societies namely the Neikarapatty Society was pointed out to him as an ideal institution with assets and no liabilities. The institution had built up its own funds amounting to Rs. 20,000 under the care of its President Mr. Sadagopachariar and it does not depend on the Central Bank for loans.

Control of Yarn Prices.

The Registrar of Co-operative Societies at Salem presided over the conference of weavers, merchants, yarn-sellers and others to ascertain their opinion on the control of yarn prices. The Collector of the district and other officials and non-officials were also present. The yarn merchants supported the control scheme and promised their co-operation and asked for a regulation of prices on all India basis. The Collector wanted the Conference to remember that the consumers' interests should not be forgotten. The representatives of the weavers' pleaded for more work for weavers and pointed out that the situation needed an urgent remedy. Rao Sahib T. M. Chinniah Pillai, President of the Salem Dt. Urban Bank pointed out that the control was needed at once and that it must be operated at the source of the production of yarn, and that export of cotton outside India except for war purposes should be prohibited and controlled prices must at least operate for a year. The Registrar in his closing remarks said that the conference must remember that the war demands of Government must be met and said that what was left would be available for civilian requirements. He also assured that he would make a report to Government and appealed to individual weavers to join co-operative societies. The Collector also said that he would place the views of the conference before the Government.

Handloom Society Sales Depot Opened.

The Sales Depot of the Madras Provincial Handloom Weavers' Co-operative Society was opened by Rao Sahab C. Viswanatha Rao at Chaturvedula buildings at Nellore. Mr. Rao traced the history of the handloom industry and said that many weavers were obliged to take to cultivation due to lack of encouragement.

Problem of Potato Marketing.

The Marketing Officer, Mr. C. Ramaswami visited Kotagiri last month to find out measures for the better marketing of potatoes and for the supply to growers of manure at cheap rates. He discussed with the members of the Kotagiri Co-operative Union the problems of marketing and suggested that the Union should bear the cost of purchasing suitable manure prepared by the Agricultural Department. His suggestion, it is understood, was agreed to by the Governing Body of the Union.

Handloom Weaving Centre Opened.

The first handloom weaving centre at Puthiyakavu was opened by Mr. T. T. Abraham, First Class Magistrate of Shertalay. The site for the centre was a gift from Mr. N. R. Krishnan, M.L.A.

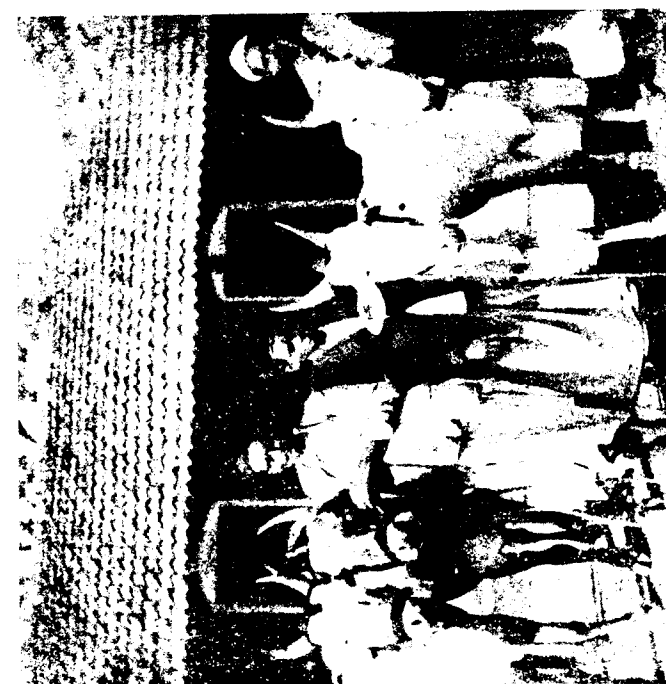
THE MADRAS JOURNAL OF CO-OPERATION

List of Societies Registered in September 1941.

S. No.	Name of Society.	District.
1.	The Rallagodeyavalsa Co-operative Society ...	Vizagapatam.
2.	„ Raghudevapuram Co-operative Stores Ltd. ...	E. Godavari.
3.	„ Irugantivaripeta Co-operative Stores Ltd. ...	„
4.	„ Sithanagaram Co-operative Stores Ltd. ...	„
5.	„ Mandapeta Weavers' Co-op. Sale Society ...	„
6.	„ Suddapalli Co-operative Credit Society ...	Guntur.
7.	„ Pedavadlapudi Nimnajathi Co-operative Servants' Society ...	„
8.	„ Gorantla Co-operative Consolidation of Holding Society Limited ...	Anantapur.
9.	„ Chromeco Co-operative Society ...	Chingleput.
10.	„ Thenkulapakkam Co-operative Credit Sty. ...	S. Arcot.
11.	„ Chidambaram Co-operative Milk Supply Society Ltd. ...	„
12.	„ Melthayanur Co-operative Credit Society ...	„
13.	„ Kiithayanur Co-operative Credit Society ...	„
14.	„ Chidambaram Co-operative Stores Ltd. ...	„
15.	„ Maruthadu Co-operative Credit Society ...	N. Arcot.
16.	„ Pattathiankuttai Co-operative Society ...	Salem.
17.	„ Valantham Papparapatti Weavers' Co-ope- rative Sale Society ...	„

List of Societies Cancelled during September 1941.

S. No.	Name of Society.	District.	Date of Cancellation of Registration.
1.	Koilpatti Public Servants' Co-operative Stores ...	Tinnevelly	... 2-9-41.
2.	Andhra Co-operative Training Insti- tute Ltd. ...	Kistna	... 8-9-41.
3.	Periakottai Vadakkur C. S. ...	Ramnad	... 10-9-41.
4.	Gray Co-operative Training Institute Limited ...	North Arcot	... „
5.	Utharapulam Sengulam C. S. ...	Ramnad	... „
6.	Madhavaopet Yenadi C. S. ...	Nellore	... „
7.	Kovilankulam C. S. ...	Ramnad	... 17-9-41.
8.	Govardhanagiri Milk Supply C. S. ...	Chingleput	... 18-9-41.
9.	Viswesvarayapuram Field Labourers Co-operative Society ...	East Godavari	... 23-9-41.
10.	Dharmavaram Weavers' C. S. ...	Anantapur.	... „
11.	Thirunageswaram Milk Supply C. S....	Tanjore	... „
12.	Ayyappathangal Co-operative Milk Supply Co-operative Society ...	Chingleput	... „
13.	Chittivalasa Jute Mills C. S. ...	Vizagapatam	... „
14.	Dimili Co-operative Agricultural Demonstration Society ...	„	... 28-9-41.
15.	Sri Nataraja Agricultural Co-operative Colonisation Society ...	South Arcot	... „
16.	Narasapuram C. S. ...	Anantapur	... „
17.	Kannithevanpatti C. S. ...	Ramnad	... „
18.	Kasaragod Co-operative Stores Ltd. ...	South Kanara	... „
19.	Takkolam Weavers' C. S. ...	North Arcot	... „





Kulgunda Cattle Fair

This cattle fair is held annually in Subramania village, a place of pilgrimage in South Kanara district. It is one of the largest fairs held in South India, and is a very important one for the ryots of this district because it is the chief centre from which they obtain their cattle. Most of the cattle that attend the fair come from the Mysore State and none but the best are brought to it. The fair reached its peak several years ago when about 30,000 cattle attended it. The source of cattle supply to the ryots of this district is supplemented by trade brought in from Mysore State, Malabar, and during the year by cattle dealers.

The best quality of bullocks for cart and ploughing are the Mysore breed, and their prices vary from Rs. 10 to Rs. 150 per pair. The quality of bullocks is of the Hasani breed and their prices vary from Rs. 40 to Rs. 120 per pair. Some of the best are of the Hasani breed and their prices vary from Rs. 40 to Rs. 100 each.

By Courtesy of District Board, Mysore, July 1941.



REPORT ON THE WORKING OF The Madras Provincial Co-operative Union.

(From 1st July 1940 to 30th June 1941.)

I. PERIOD OF REPORT.

The present report covers the period from 1st July 1940 to the 30th June 1941 and the audit review for the year also is appended. The previous report for the year ended 30th June 1940 was presented to the General Body at its meeting held on 21st September 1940.

II. CHANGE IN THE PERSONNEL

Mr. V. Venkatasubbaiya one of the secretaries who passed away in January 1940 was succeeded by Mr. S. K. Yegnanarayana Iyer, who continued to act in that vacancy till December 1940, when he was succeeded by Mr. K. Bhashyam at the elections held in December 1940.

III. MEMBERSHIP.

The number of members as on 30-6-1940 was 372. Two societies were disaffiliated. 17 were affiliated thus bringing the number of members as on 30-6-41 to 387. The number of different classes is given below :

Name of Institutions.	As on 30-6-40.	As on 30-6-41.
1. Provincial Institutions	... 5	6
2. Central Banks	... 31	31
3. Language Federations	... 2	2
4. Audit Unions	... 1	1
5. Urban Banks	... 84	90
6. Land Mortgage Banks	... 20	22
7. Non credit Societies	... 33	39
8. Local Supervising Unions	... 171	171
9. Training Institutes	... 5	5
10. Honorary Members	... 20	20
	372	387

IV. MEETINGS.

Two meetings of the General Body took place one on 21-9-40, and another on 21-12-40. At the previous meeting, the Annual Report and Audit Review for the year 1939-40 was considered and

adopted. The draft constitution of the Provincial Co-operative Union as adopted by the Executive Committee was also considered in detail.

The consideration of the new constitution was postponed by the General Body and it was resolved that the Union would continue to work according to the existing constitution and that the election of the representatives of the member societies and of the Board of Management would be conducted as per the by-laws and subsidiary by-laws and that election of Office bearers would be conducted at a meeting of the General Body to be convened in December 1940.

2. **Board of Management.** The Board of Management met on two occasions one on 21-9-40 and another on 21-12-40.

3. **Executive Committee.**—The Executive Committee met 5 times in the year under report.

V. ACTIVITIES.

The main activities of the Union have been, as usual, the conducting of the Madras Journal of Co-operation in English, running of a co-operative library, subsidising co-operative journals in the various languages of the Province, propaganda tours by officers of the Union, running of Peripatetic Training Classes at Rajahmundry and Coimbatore under its auspices and the general supervision of Panchayatdars' Training Classes, sale of publications and of magic lanterns and slides and the celebration of the International Co-operators' Day.

1. **The Madras Journal of Co-operation.**—The Journal continued to be published every month as in previous years. Its publication resulted in a loss of Rs. 605-7-11. The Co-operative Department which was subscribing 80 copies increased it from January 1941 to 200 copies. We are thankful to the Registrar for this and trust that he will further increase the number of copies to be subscribed for by the Department. We may confidently say the Journal will be of immense use to all officers of the Department and to the general public who are interested in Co-operation.

Mr. S. K. Yegnanarayana Iyer who was requested to edit the Madras Journal of Co-operation in December '39, continued to edit the Journal till December '40 when he was succeeded by Mr. R. Suryanarayana Rao, member of the Servants of India Society, who was co-opted as editor at the meeting of Executive Committee held on 5-1-41. The Journal continued to be popular as before.

2. **Subsidy to Vernacular Journals.**—A subsidy of Rs. 1,000 each was given to the Tamil Nadu Co-operative Federation, Coimbatore

which conducts the fortnightly journal "Kootturavu" and to the Andhra Sahakara Sammelanam which conducts the monthly journal "Sahakaramu" and a sum of Rs. 125 each was also given for "Kanada Sahakari" and "Parasparasahayi" published by the South Kanara Central Co-operative Bank and the Malabar District co-operative Bank respectively. These journals are conducted satisfactorily and appeared regularly.

3. **Library and Reading Room.**—During the year under review no grant was received from the Government for the Library. Books to the value of Rs. 45-8 were added to the Library from 1st of July 1940 to 30th June 1941. On account of the closing of the Reading Room the number of visitors to the Library was not as great as in the previous years. At present the books are being made use of by co-operators, students of the institutes and co-operative employees.

Propaganda:—Office bearers of the Union did propaganda in the various districts. For details *vide* appendix A.

CO-OPERATIVE EDUCATION AND TRAINING.

Training Classes for Supervisors:—After the closing of the Training Institutes at Rajahmundry and Coimbatore, the Union did not undertake the conduct of training classes up to the end of the first half of the year under review. The question was discussed at a meeting of the Executive Committee dated 17th November 1940 wherein it was decided that no more classes need be held under its auspices pending final orders to be passed by the Government on the scheme of 30-10-1938 and that the Peripatetic Institutes held at Coimbatore and Rajahmundry were of an interim arrangement. This was communicated to the Registrar and in the second half of the year under report, training classes at Tanjore and Anantapur were conducted on the Peripatetic scheme directly by the Registrar. At the meeting of the Executive Committee dated 7th March 1941, the Committee resolved to conduct examinations for the students undergoing training in the Tanjore and Anantapur Institutes (which were being conducted directly by the Registrar) in case Government would entrust with the conduct of the Examination to the Union. The Government passed orders saying that the Provincial Union might conduct the examination for the institutes as in the previous years.

49 Candidates appeared at the Ramadas Co-operative Institute, Rajahmundry and 49 candidates at the Coimbatore Institute. 24 passed in 1st class and 64 passed in second class of which 9 were supplemental candidates.

The Registrar sent a scheme on the establishment of co-operative training institutes in 3 places permanently, namely, Tanjore, Coimbatore, Rajahmundry and one at Anantapur to run once in two

years. The Executive Committee at its meeting dated 10th April which considered the G. O. on this subject formed a sub-committee with the Presidents of the 4 institutes, the President and Secretary of the Provincial Co-operative Union and the Registrar of Co-operative Societies as members thereof to consider the scheme. A meeting of the committee took place on 1.5.1941 and proposals were drawn up. It was resolved that the institutes might be started in the first week of July 1941. This training is to be of 9 months course which the P.C.U. was conducting before the advent of Peripatetic scheme in the year 1934. At present 4 institutes are being run under the direct management of the institutes concerned. The examining body for them is the Provincial Union. With the starting of the institutes on a permanent basis, the books purchased for the Coimbatore institute when it was of a Peripatetic nature were returned to the institute by the Executive Committee.

Training Classes for Panchayatdars' and Members:—The training classes for 1940 came to a close on the 31st March 1941. On the whole 760 classes were held in the Presidency and 8,505 Panchayatdars and 56,339 Members and others attended the classes. A sum of Rs. 28,608-10-1 was spent on them. The Government gave a grant of Rs. 15,942. There is yet a balance of Rs. 5,514-7-7 due from Government. A sum of Rs. 7,152-2-6 was added by the P. C. U. and District Banks.

For inspection of classes by Provincial Co-operative Union office bearers, *vide* Appendix B.

The Executive Committee at its meeting dated 7th March decided to make arrangements for the conduct of the classes for Panchayatdars and members of societies. In doing so it stated that the Bank in each area should be made responsible for the work with the assistance of a local committee. The services of the Educational Co-operative Inspector might be utilised for the purposes of conducting classes. For the 5th year of the training, the Union is getting literature necessary for the training classes on the same lines as in previous years.

Publications:—During the year under report 319 copies of the Act were sold. The Act published by the Union is the only latest copy available in the market and there has been a great demand for it. The rules under the Act as embodied in the edition published by the Union was brought up to September 1939. As there has been innumerable requests from Co-operative institutions and others for amendment slips subsequent to 1939, the Union intends publishing all amendments up-to-date.

With regard to the disposal of other publications of the P. C. U. *viz.* Sadhyama (Tamil Drama); Rural Sanitation and health; and

Economic Depression in Kistna, the Executive Committee at its meeting dated 7-3-1941 resolved that the Secretary might be authorised to dispose them off in the best way possible. Steps will be taken for the early disposal of the same in the coming year.

Sale of Magic Lantern and Slides:—This year we had fairly good sales of lanterns and slides. As many as 51 lanterns were sold compared with 62 sold last year; but the demand for our lanterns is on the increase. The sale of slides on "Prohibition and Co-operation in Salem" was not as encouraging as we expected. On the whole during the year under report, we made a net profit of Rs. 29-2-1 by the sale of the lantern and slides.

There has been innumerable enquiries for our lantern; but the difficulty is with regard to procuring of lenses from abroad owing to the international war. On account of the rise in prices, the Union was obliged to raise the price of the magic lantern from 40 to 45. It is doubtful whether any lenses will be available in the near future, if the war is to continue.

International Co-operator's Day.—It was celebrated by the Union on the 2nd November 1940. The meeting was presided over by Mr. G. Harisavothama Rao, M.A. Resolutions affirming the faith of co-operators in the movement as suggested by the International Co-operative Alliance, were moved by the Hon. Mr. V. Ramadas Pantulu, President of the Union and passed unanimously. Speeches were made on the occasion by prominent co-operators.

Constitutional Changes.—At the General elections held in December 1940 there was complete change in the personnel of office bearers except the two secretaries namely Messrs. D. Mahalingam Pillai and N. Satyanarayana. Mr. T. A. Ramalingam Chettiar of Coimbatore was elected as President in the place of Hon'ble Mr. Ramadas Pantulu who was connected with this institution for more than a decade. The new office bearers met on the 5th January 1941 to co-opt the Editor and Treasurer. Mr. R. Suryanarayana Rao was co-opted as Editor and Rao Bahadur P. N. Marthandam Pillai, B.A., B.L., as Treasurer.

Miscellaneous.—The Training classes for Supervisors were conducted at Coimbatore and Rajahmundry and the Provincial Co-operative Union realised Rs. 689-6-0 by way of examination fees and spent Rs. 500-6-0 on the same.

The following grants were made during the year under report:

1. Rs. 100 was given as a non-recurring grant to the Central Co-operative Printing Works for publishing co-operative diary.
2. Rs. 100 was given as a non-recurring grant to the Meenakshiammanpet Womens' Co-operative Society for restitution of the fire incident.

3. Rs. 20 was given to the Ferguson Womens' Co-operative Society towards conveyances of the Spinning Instructors.
4. Rs. 4 was given to Sreemathi Visalakshi Ammal towards balance of expenditure of the spinning classes.
5. A sum of Rs. 126-11-0 being the cost of publications which was recommended by the E. C. was written off at the General Body meeting dated 21-12-40.
6. A sum of Rs. 1,789 8-4 being the advance given to Ramadas Co-operative Training Institute to meet its deficit was written off by Executive Committee at its meeting dated 7-3-41.

Funds.—The Audit Review of the Department on the working of the Union for the year 1940-41 will be placed before the General Body presently. The total receipts during the year under review amounted to Rs. 46,825-13-9 and expenditure to Rs. 41,487-15-4.

Thanks.—We tender our grateful thanks to the Madras Provincial Co-operative Bank for the generous grant of Rs. 5,000 for Training classes for panchayatdars and Rs. 5,000 for education and propaganda. We realise that our activities in various directions are largely dependent upon the Bank's contributions.

Our thanks are also due to the Registrar and his Department for the interest they have taken in the working of the Union and the generous help they have rendered to the Union from time to time.

Sd. K. BHASHYAM,
 „ D. MAHALINGAM PILLAI,
 „ N. SATYANARAYANA,
Hon. Joint Secretaries.

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APPENDIX A.

Sri T. A. Ramalingam Chettiar, President of the Union presided over the following Conferences :—

The 24th U.P. Provincial Co-operative Conference at Gorakhpur in U.P.

The 11th Land Mortgage Banks' Conference.

Dr. P. Gurumurthi, Vice-President, presided over the West Godavari District Co-operative Conference.

The Hon'ble Mr. V. Ramadas Pantulu as President of the Union till December 1940 did propaganda on behalf of the Union during his visits to Central Banks. He presided over the joint session of the standing committees of the All India Institutes' Association and the Provincial Banks' Association at Bombay. He opened the West Godavari District Co-operative Conference also.

Prof. S. K. Yegnanarayana Iyer did propaganda in Madura, Chingleput and Tanjore Districts and Sri N. Satyanarayana in Vizagapatam, Chittoor, North Arcot and Anantapur Districts.

Sri K. L. Narasimha Rao attended the Bhimadole Co-operative Conference at Bhimadole.

Sri L. Gangadhara Sastry attended the standing committee meeting of the All India Institutes' Association at Bombay.

APPENDIX B.

The following members inspected the training classes for panchayatdars and members of societies in the various districts noted against their names :—

Prof. S. K. Yegnanarayana Iyer: Malabar, Coimbatore and Madura.

Sri S. Venkatarao: Cuddapah and Kurnool.

Sri L. G. Gangadhara Sastry: Chittoor and Anantapur.

Sri K. G. Sivaswamy: Anantapur and Bellary.

Sri V. Viyyanna Pantulu: West Godavari.

Sri D. Mahalingam Pillai: South Arcot.

AUDIT REVIEW

BY

Sri P. Achutha Menon, B.A.,

Deputy Registrar of Co-operative Societies, Madras,

ON THE ACCOUNTS OF THE

Madras Provincial Co-operative Union No. 1130,

For the year ending 30th June, 1941.

1. The accounts of the Madras Provincial Co-operative Union for the year 1940-41 as audited by Mr. D. A. Louis, Inspector of Co-operative Societies, Madras are passed. The statements of (1) Receipts and Disbursements, (2) Funds available and obligations to be fulfilled and (3) Income and expenditure as furnished by him are appended.

2. **Membership:**—The number of members as on 30-6-1940 was 372. By removal of 2 and the addition of 17 members the number as on 30-6-41 was 387. The number of different classes is given below :—

Name of Institution.	As on 30-6-40.	As on 30-6-41.
1. Provincial Institutions	5	6
2. Central Banks	31	31
3. Language Federations	2	2
4. Audit Unions	1	1
5. Urban Banks	84	90
6. Land Mortgage Banks	20	22
7. Non-Credit Societies	33	39
8. Local Supervising Unions	171	171
9. Training Institutes	5	5
10. Honorary Members	20	20
Total ...	372	387

Funds :—The funds of the Union are composed mainly of :

- (i) Contribution from member societies.
- (ii) Subscription for the Madras Journal of Co-operation and
- (iii) Subsidies.

The Demand, Collection and Balance statements for 1 and 2 are as given below :

	Demand.		Collection.		Balance.	
	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.
Contributions	5,237	0 0	3,927	4 0	1,309	12 0
Subscriptions	1,822	7 0	1,767	13 8	54	9 4

No voluntary contributions were received during the year. But the receipts under subsidies amounted to Rs. 24,849-14-6 as detailed below :—

Purpose.	From whom received,	Amount.
		Rs. A. P.
1. Panchayat Training Classes ...	Government ...	19,231 8 6
Do. ...	M. P. C. B. ...	5,000 0 0
2. Institutes ...	Examination fees from the institutes ...	618 6 0
		24,849 14 6

3. **Panchayatdars Training Classes:**—The unspent balance at the beginning of the year was Rs. 15,420-8-0 and the subsidies received during the year amounted to Rs. 19,231-8-6. Out of the total sum of Rs. 34,652-0-6 the Union spent Rs. 14,089-6-5, leaving a balance of Rs. 20,562-10-1 at the end of the year.

4. Activities of the Union :

(a) **Madras Journal of Co-operation:**—The Journal was continued to be published every month as in previous years. The cost of publishing the journal during the year amounted to Rs. 3,715-11-0 against which subscriptions appropriated from members annual contribution, sale of journal copies and advertisement charges, amounting to Rs. 3,287-13-8 were realised. The publications of the journal resulted in a loss of Rs. 605-7-11.

(b) **Publications:**—No further publications were made during the year. The income realised by the sale of publications amounted to Rs. 153-7-0, while the charges incurred under this head were Rs. 37-2-0. There has been a deficit of Rs. 116-15-0 under this head on the whole.

(c) **Magic Lanterns and Slides:**—The Union had a stock worth Rs. 716-4-8 on 30-6-40. During the year lanterns and slides were manufactured at a cost of Rs. 2,258-1-11. Against these, sales were effected to the extent of Rs. 3,803-6 0 leaving Rs. 398-2-8 worth of stock at the end of the year. The transactions resulted in a profit of Rs. 29-2-1.

(d) **Library and Reading Room.**—Books to the value of Rs. 45-8-0 were added to the library during 40-41. The cost of books at the end of the year was Rs. 2,166-6-9.

(c) *Subsidy to journals in Indian Languages*—A sum of Rs. 2,250 was disbursed as shown below :

Name of Institution.	Purpose.	Amount. Rs.
1. Tamil Nadu Co-operative Federation	Publication	
	Kootturavu	1,000
2. Andhra Sahakara Sammelanam ...	Sahakaramu.	1,000
3. South Kanara Co-operative Central Bank ...	Kannada Sahakari ...	125
4. Malabar District Co-operative Bank	Paraspara Sahayi ...	125

(f) *Propaganda*.—The Office Bearers of the Union did propaganda work in the various districts.

5. *Meetings*.—Two meetings of the General Body took place on 21-9-40 and 21-12-40 for adoption of administrative report and audit review for the year 1939-40 to consider the draft constitution as adopted by the Executive Committee and the election of Office Bearers.

Board of Management.—During the period under review the Board met twice i. e. on 21-9-40 and 21-12-40.

Executive Committee.—The Executive Committee met 5 times during the year.

6. *Miscellaneous*.—(a) *Institutes*.—The training classes for Supervisors were conducted at Coimbatore and Rajahmundry. The Union received a sum of Rs. 689-6-0 by way of examination fees from the institutes and spent a sum of Rs. 500-6-0.

(b) *Grants*.—The following grants were made during the year, as detailed below.

i. Rs. 100 was given as a non-recurring grant to the Central Co-operative Printing Works for publication of Co-operative diary.

ii. Rs. 100 was given to the Meenakshiammenpet Womens' Co-operative Society for restitution from the fire incident.

iii. Rs. 20 was given to Fergusonpet Womens' Co-operative Society as conveyance to Spinning Instructors.

iv. Rs. 4 to Sreemathi G. Visalakshiammal being the balance towards expenditure of the Spinning Classes.

MADRAS,
19-9-41. }

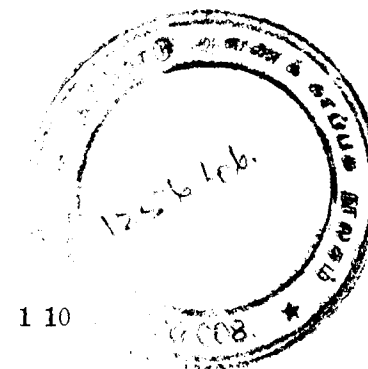
P. ACHUTHA MENON,
Deputy Registrar.

THE MADRAS PROVINCIAL CO-OPERATIVE UNION.

FINAL AUDIT REPORT FOR 1940-41.

Statement of Receipts and Charges.

RECEIPTS.		Rs.	A.	P.	Rs.	A.	P.
Provident Fund for Staff	...	131	4	0			
Security Deposit from Staff	...	300	0	0			
					431	4	0
Loans (Short term advance to Staff)	...				116	0	0
Interest	...				2	2	11
Miscellaneous Income :—							
Grant from M. P. C. Bank, Ltd.	...	5,000	0	0			
Annual Contribution from member societies	...	2,459	4	0			
Dividend on Share Capital :—							
C. C. P. Works	...	31	4	0			
Rebate from C. C. P. Works	...	354	14	9			
Interest on Investments :							
(i) Prudential Fund Deposit A/c.	...	47	10	0			
(ii) Current A/c. and Investment	...	93	1	0			
Sale of News papers	...	11	6	0			
Miscellaneous	...	36	3	4			
Telephone	...	0	1	0			
Bank Commission	...	2	14	9			
Contingencies	...	1	12	0			
					8,038	6	10
Sale Proceeds—							
i. Publications	...	153	7	0			
ii. Madras Journal of Co-operation	...	3,287	13	8			
iii. Magic Lantern and Slides	...	3,803	6	0			
					7,244	10	8
Adjusting Heads—							
i. Due to Society							
Advances	...	2,393	11	10			
Postage Recovered	...	63	0	0			
Chinnapans Ongole Trip.	...	1	0	0			
Suspenses	...	37	2	0			
Panchayat class suspense.	...	2,705	0	0			
Publications (written off)	...	101	11	0			
Investments	...	25	0	0			
Cheque issued and dishonoured	...	20	9	0			
					5,347	1	10
ii. Due by Society							
Advance collections M. J. C.	...	694	1	10			
Suspense due	...	4,442	1	1			
Annual Contribution	...	5	0	0			
					5,141	2	11
					10,488	4	9
					26,320	13	2
					C. O.		



	B. F.	Rs.	A.	P.	Rs.	A.	P.
Grants	...	26,320	13	2	19,231	8	6
Investments withdrawn—							
i. Reserve Fund in Christian Co-operative Central Bank	...	43	0	0			
ii. Institutes	...	689	6	0			
iii. Prudential Deposit in M. P. C. Bank	...	541	2	1			
					1,273	8	1
					46,825	13	9
Opening Balance*					11,475	11	7
Grand Total	...	58,301	9	4			
*M. P. C. account I	...	637	15	8			
" " II	...	10,800	2	5			
Petty Cash	...	33	4	9			
Stamps	...	4	4	9			
		11,475	11	7			
CHARGES.							
Provident Fund for Staff	...	548	0	1			
Loans (advance to staff)	...	57	0	2			
Stock bought—							
i. Publications	...	37	2	0			
ii. Madras Journal of Co-operation.	...	3715	11	0			
iii. Magic lanterns & slides	...	2,258	1	11			
Subsidies.					6,010	14	11
1. Vernacular journal	...	2,250	0	0			
2. Training Institutes	...	500	6	0			
3. Other Grants	...	224	0	0			
4. City propaganda	...	165	5	0			
		3,139	11	0			
Establishment and contingencies							
Establishment charges	...	2,203	15	8			
Postage	...	349	13	9			
Stationery	...	223	14	1			
M. O. Commission	...	0	4	0			
Subscription for All India Institutes' Association	...	100	0	0			
Lighting	...	57	14	0			
Bank Charges	...	4	15	0			
C. O.	2,940	12	6		9,755	10	2

	B. F.	Rs.	A.	P.	Rs.	A.	P.
	2,940	12	6		9,755	10	2
Telegrams	...	0	14	0			
Repairs	...	37	8	6			
Rent	...	780	0	0			
Reading Room	...	90	0	6			
Printing charges	...	194	15	5			
Contingencies	...	51	9	6			
Telephone	...	90	13	10			
Travelling Allowance	...	2,460	3	0			
Miscellaneous	...	120	4	9			
					6,767	2	0
Miscellaneous payments—							
1. Excess collections refunded	...	32	0	0			
2. Annual contributions written off	...	375	0	0			
3. Advances written off	...	1,799	8	4			
Adjusting heads—					2,206	8	4
Due to Society	...						
Advances	...	785	9	0			
Postage recovered	...	63	0	0			
Cheque issued and dishonoured.	...	20	9	0			
					869	2	0
Due by Society	...						
Advance collections M. J. C.	...	312	6	1			
Annual Contribution	...	10	0	0			
Suspense due	...	6,709	3	4			
Investments written off	...	25	0	0			
Publications	...	101	11	0			
					7,158	4	5
Grants for Panchayatdars Training							
Classes	...				14,089	6	5
Investments :—							
Furniture	...						
Library Books	...	45	8	0			
Prudential Deposit in M.P.C. Bank	...	296	6	0			
Fixed deposit in M.P.C. Bank	...	300	0	0			
					641	14	0
Total	...				41,487	15	4
Closing Balance*	...				16,813	10	0
Grand Total	...				58,301	9	4
* M. P. C. Bank account	...	16,804	4	9			
Petty Cash	...	9	5	3			
		16,813	10	0			

Assets and Liabilities as on 30-6-41.

ASSETS.		Rs.	A.	P.
Cash—				
i. Stamps	...	...	...	...
ii. Petty Cash	...	9	5	3
iii. Madras Provincial Co-operative Bank— (Current Account)	...	16,804	4	9
iv. Prudential Deposit in M.P.C. Bank	...	617	5	11
Other Investments—				
i. Reserve Fund in Christian Co-operative Central Bank (liquidated)	...	275	15	11
ii. Shares taken in the Central Co-operative Printing Works	...	1,000	0	0
iii. Shares in Sadananda Printing Works	...	25	0	0
iv. Shares in T.U.C.S.	...	24	0	10
v. Fixed Deposits in M.P.C. Bank	...	300	0	0
Loans due by Members—				
i. Loans due by staff	...	10	0	2
Other items—				
i. Annual contributions recoverable	...	1,309	12	0
ii. Value of furniture and books less depreciation.	...	2,166	6	9
iii. Value of Society's Buildings on advances out- standing (Reading room superstructure and partition screne)	...	172	8	0
iv. Value of cycles, duplicator etc.	...	492	4	3
v. Value of propaganda materials	...	123	2	0
vi. Value of Gramophone	...	11	4	6
Value of stock on hand—				
i. Publications	...	624	14	5
ii. Magic Lantern and Slides	...	398	2	8
Adjusting heads (due to society)	...	888	1	5
Non-refundable employees' P. F. of previous years ..	...	2	5	0
Trading Account—				
i. Magic Lantern and Slides	...	...	...	...
ii. Madras Journal of Co-operation	...	54	9	4
iii. Publications	...	4	0	0
Bulletin arrears	...	0	9	0
Total	...	25,314	0	2

LIABILITIES.

	Rs.	A.	P.
Provident Fund for staff	...	551	8 10
Security Deposit from staff	...	300	0 0
Central Agricultural Committee	...	1,453	11 0
Subsidy for Panchayatdars Training classes (Unspent Balance)	...	20,562	10 1
Share Capital—			
i. Apex Bank	...	15	0 0
ii. Share Capital and Dividend amounts	...	93	15 0
iii. Establishment and contingent charges due	...	6	5 6
Adjusting head	...	1,971	14 9
Trading Account—			
i. Publications	...	...	...
ii. Magic Lantern and Slides	...	181	0 0
iii. Madras Journal of Co-operation	...	116	4 6
		25,252	5 8
Net difference		61	10 6
Total	...	25,314	0 2

Income and Expenditure Account

For the year ending 30th June 1941.

INCOME.		Rs.	A.	P.	- Rs.	A.	P.
Interest earned realised	...	2	2	11			
Less interest accrued at the end of the previous year	...	0	5	9			
						1	13
Gross profits as per trading account:—							
Magic lantern & slides	...				29	2	1
Institutes	...				689	6	0
Mis. income—(for details vide page 13)	...	8,038	6	10			
Add amount pending recovery	...	1,309	12	0			
						9,348	2
							10
Less amount pending realization at the end of the previous year	...	1,888	1	0			
						7,460	1
							10
						8,180	7
							1

EXPENDITURE.				
Establishment and contingent charges paid and due	...		6,757	3 10
Assets written off as bad debts	...	2,174	8	4
Excess collections	...	32	0	0
			2,206	8 4
Subsidy	...		3,139	11 0
Provision for doubtful debts (deficit.)				
i. Publication	...	116	15	0
ii. Madras journal of co-operation.	...	605	7	11
			722	6 11
Depreciation	...		417	0 0
Total	...		13,242	14 1
Net Deficit	...		5,062	7 0
			8,180	7 1

Publications.

INCOME.				Rs. A. P.			Rs. A. P.			
1. Sale of Act Copies, Rural Sanitation & Health, Drama (Tamil) & Economic Depression in Rural Kistna including free issues				...	153	7	0			
Add cost of copies pending realisation :										
Act	...	...	2-0-0							
Drama	...	...	2-0-0		4	0	0			
					157	7	0			
Deduct cost pending at the beginning of the year				...	30	8	0			
								126	15	0
2. Stock on 1-7-1941 :										
a. Economic Depression in Rural Kistna 201 copies at Rs. 0-5-2				...	64	14	6			
b. Act copies 455 at Rs. 0-5-0				...	142	3	0			
c. Sadhyama (Tamil Drama) 587 copies at Rs. 0-2-6				...	91	11	6			
d. Rural Sanitation & Health 457 copies at Rs. 0-11-5				...	326	1	5	624	14	5
Total				...				751	13	5
EXPENDITURE.										
1. Stock on 1-9-1940				...	832	7	5			
Printing charges				...	37	2	0			
Add liability pending payment.				...						
Total				...	869	9	5			
Deduct liability pending at the beginning of the year				...	0	13	0			
								868	12	5
Deficit (—)				...				116	15	0
Total				...				751	13	5

THE MADRAS PROVINCIAL CO-OPERATIVE UNION.

The Madras Journal of Co-operation A/C. 1940-41.

INCOME.

	Rs.	A.	P.	Rs.	A.	P.
1. Subscription	1,762	13	8			
Appropriation of annual contribution	1,468	0	0			
2. Advertisement	52	0	0			
3. Sale of Journal Copies	5	0	0			
	3,287	13	8			
Add amount pending realisation at the end of the year	54	9	4			
	3,342	7	0			
Deduct amount pending realisation at the beginning of the year	132	5	4			
Net Income	3,210	1	8	3,210	1	8

EXPENDITURE.

1. Stock on 1-7-1940	Nil					
2. Publication charges	3,715	11	0			
3. Add liability at the end of the year	116	4	6			
	3,831	15	6			
4. Deduct liability at the beginning of the year	16	5	11			
	3,815	9	7	3,815	9	7
Net Deficit				605	7	11
Total				3210	1	8

THE MADRAS PROVINCIAL CO-OPERATIVE UNION.

Magic Lantern & Slides A/C.

INCOME.

	Magic Lantern.	Slides.	Total.
	Rs. A. P.	Rs. A. P.	Rs. A. P.
1. Cash Sales	2,660 9 0	1,142 13 0	3,803 6 0
2. Add amount pending realisation at the end of the year	...	...	...
	2,660 9 0	1,142 13 0	3,803 6 0
3. Deduct amount pending realisation at the beginning of the year	615 0 0	633 0 0	1,248 0 0
Net	2,045 9 0	509 13 0	2,555 6 0
4. Stock on 1-7-1941:			
(i) 1 Lantern at Rs. 45	45 0 0	...	45 0 0
(ii) Slides: Set No. I at Rs. 41-4-0 one Set	...	41 4 0	
(iii) Slides: Set No. II at Rs. 50-0-0 two Sets	...	100 0 0	
(iv) Slides: Set No. III at Rs. 77-8-0 one Set	...	77 8 0	
(v) Slides: Set No. IV at Rs. 50 one Set	...	50 0 0	
(vi) Slides: on Ramayana at Rs. 45 one Set	...	45 0 0	313 12 0
(vii) Lenses:			
1 big lense (broken)	...	...	...
5 Small lenses at Rs. 5-1-4	25 6 8		
2 Stands at Rs. 7...	14 0 0		39 6 8
Total Income	Rs. 2,129 15 8	823 9 0	2,953 8 8

EXPENDITURE.

	Rs.	A.	P.		Rs.	A.	P.
1. Stock on 1-7-1940 :	716	4	8		716	4	8
2. Manufacturing expenses :							
Magic Lantern ...	1,662	4	3				
Slides ...	595	13	8				
	2,258	1	11				
3. Add amount pending payment :							
Royalty ...	160	0	0				
Carpenter Munu-swamy ...	21	0	0				
	2,439	1	11				
4. Deduct amount pending payment at the beginning of the year ...	231	0	0				
	2,208	1	11		2,208	1	11
Total ...					2,924	6	7
Surplus ...					29	2	1
Total ...					2,953	8	8

THE TWENTY-FOURTH Provincial Co-operative Conference, Madras.

Cottage Industries Exhibition.

OPENING SPEECH OF

DIWAN BAHADUR K. DEIVASIKHAMANI MUDALIAR

BROTHER CO-OPERATORS,

My thanks are due to the President and other members of the Executive Committee of the Provincial Co-operative Union for asking me to be present here this morning and declare this Exhibition open.

This Exhibition is, I believe, an improvement over those of previous years. The various departments of Government played the chief part in previous exhibitions, the products of societies not having been many. Thanks to the rapid progress made by the non-credit societies in recent years, we have in this Exhibition a large number of articles exhibited by our productive and distributive societies. I request all of you to make a careful inspection of the exhibits and stimulate if possible the multiplication of the existing types of non-credit societies and the formation of new types of societies in your districts. Before I declare this Exhibition open I wish to say a few words on one or two matters in regard to the working of the Co-operative Movement in our province.

First, as regards the question frequently asked in recent years whether the Movement has done any good to the ryots and whether the expectations of the pioneers of the Movement have been realised, I have no hesitation in saying that Madras Co-operators can congratulate themselves on the progress made on the material side of the Movement during the last 37 years in spite of the defects found here and there. Some of the defects are no doubt serious, such as misappropriation of funds, fraud, gross mismanagement etc. There are at present 14 thousand societies with over a million members. One cannot expect all these societies or the members to be thoroughly good. Among this vast number of individuals it is natural that there will be some bad men. On this account the Movement need not be condemned. The chief defect is however, the growing overdues in the societies. There are critics who say that Madras ryot will not

pay his dues even when he can. I do not subscribe to this statement. I was in close touch with them for a period of over 38 years. The main reason for the overdues is the inability of the ryot to make both ends meet. The debt of one year is carried over to the next year and whether the debt is inside or outside the societies, it goes on accumulating from year to year with the result that the ryot is obliged to sell his lands eventually. The enquiry which I am making into the economic condition of a typical village in Chingleput District confirms this view. The remedy lies in my opinion in the increase of the income from land and a diversion of a portion of the population to industry.

In spite of these defects, the Movement has done immense good. It has given several crores of rupees as loans to ryot during this period of 36 years at reasonable rates of interest. The working capital of all the societies amounted to over 24 crores on 30th June 1940, although some amounts had to be counted twice or thrice over.

I must however confess, that on the moral side the Movement has not so far been a success. Mr. P. Rajagopalachariar (later Sir the first Registrar (with whom I was associated from the very inception of the Movement) believed that the village harmony (which was found then wanting and which ancient India possessed) would be re-established by the spread of Co-operative Movement. In a letter written to me from France on 1st September 1926, Mr. Rajagopalachariar expressed his disappointment that the Movement was a failure in this respect. In a speech made at the second Chingleput District Conference held at Madurantakam in February 1911, Mr. Ramachandra Rao the second Registrar gave the following picture of the development of a village society as it would be found 40 years later.

The Society 40 years hence :

The Society possesses a spacious building (it is the new Co-operative temple of the village) in which you find,

1. An office where the business of the society is done ;
2. A hall where the villagers congregate to discuss and settle all matters of common interest affecting them, such as distribution of water, management of temple, cultivation of Samudayam lands, programme for the cultivation of lands for the coming year etc.
3. A theatre where music and dramatic performance are held ;
4. A court room where the panchayats settle disputes ;
5. A godown where the agricultural and domestic requirements of the villagers are distributed and where the produce of the villagers is arranged for sale ;

6. An office where the village Panchayat discusses the question of sanitation, provision for drinking water, school management etc.

7. A school where the children of the village are taught the three R's.

8. A dispensary where the sick are attended to and

9. A demonstration field where the young men of the village are taught the methods of cultivation etc.

Perfect harmony prevails in the village and all business is done in the interests of the village as a whole. There is plenty of harvest as a result of timely finance and improved methods of cultivation. No money is spent on litigation or drink or wasted in any other way. There is joy everywhere on account of the prosperous condition of the people obtained through joint effort.

It is now 30 years since the picture was drawn up. Are we anywhere near it ?

The first Registrar and the non-official pioneers who introduced the Movement in this province never thought that the task was merely to create societies for giving money or finding sales for the produce. They wanted to create the feeling "Each for all and all for each." Where are we now ? The villagers are not still, generally speaking, united and have not built their co-operative temples. There is faction, litigation, parties, communal feelings and no worship at the common co-operative temple. There are several reasons for this. It may be that the interest of the individuals plays a great part in preventing people from uniting for common needs but there is also the incompetency of the supervising staff to foster and nurture the co-operative spirit in the villagers. Co-operative societies cannot be created to order. They have to be fostered and nurtured carefully before they can bear fruit. What does the supervising staff, whether official or non-official, do in regard to this. A petition comes and the inspecting staff assumes an air of authority and widens the gulf between the two sets of men in the village. The same matter is enquired into every time a petition comes. I do not say that the staff deliberately divides men. Their action results in this. They have forgotten their primary duty. They do not attempt to bring about harmony. More ability to pass examinations is not what is required of a Supervisor or an Inspector but the ability to compromise differences without actually interfering with the management or relaxing the responsibility of administration. The training given to the Supervising staff must be of this character.

What the supervising or controlling staff should realise is that they are not there to manage societies themselves or direct the societies to do as they (the Staff) wish. I have come across instances where the Supervisors write the minutes of the meetings in advance in the minute book and get the signature of the members or panchayatdars when they come. I know also that they go to societies to get certain things decided in particular way. This will not do. They should teach the societies how they should do their work and not tell them that a particular matter should be disposed of in a particular manner. It should be remembered that any amount of supervision will not make a society success unless the panchayatdars and members themselves learn and do their work. No society is worth having if its administration has to be done by an outside agency. If a very large number of societies cannot be taught to do their work properly it will only mean that co-operation has failed. It will not do that the administration of such societies should be taken over by an outside agency.

As regards the supervision of societies, I wish to say a word. How though the Movement has been working for the last 37 years, the question as to the best agency for supervision has not yet been solved. The controversy is still there; I would suggest that experiments should be made in a selected area, and that the entire work should be entrusted to a local supervising union without any sort of interference by an outside agency, the Government doing merely the statutory duties.

I shall refer to one other matter before I close my speech. In several districts, the loans overdue in primary societies were very large and a scheme of rectification was in operation for several years and I still believe continues. During the period of depression, ryots did not borrow much money from societies and the proportion of overdues to outstanding loans was greater and it attracted the attention of the banks and societies. During the last two or three years, ryots have begun to borrow more freely from the societies and the increased transactions are likely to obscure the frozen debts in societies and banks by the reduction in the proportion of overdues outstanding. I would therefore advise financing banks not to relax their efforts to recover the frozen debts or to write them off if they are really irrecoverable.

I now declare the Exhibition open.

THE TWENTY-FOURTH Provincial Co-operative Conference, Madras.

WELCOME ADDRESS

BY SRI T. A. RAMALINGAM CHETTIAR, B.A., B.L., M.L.C.,
President of the Provincial Co-operative Union.

BROTHER CO-OPERATORS,

On behalf of the Madras Provincial Co-operative Union, I welcome you to this the 24th Provincial Co-operative Conference. We are meeting at a time of great strain and unprecedented happenings in the world's history. The great war that is going on has no parallel in the history of the world. It is extending to envelop the whole world. The destruction it causes is terrible to imagine. There does not seem to be any hope for the peoples of the world except in a decided victory for the Allies. India is now in greater danger than ever and the scene of operations will be much nearer before the winter is over. While we are anxious, it is a pity that the British Government should not think of enlisting the support of the whole of India, both morally and materially. The recent pronouncements of responsible British statesmen have caused very serious apprehensions even in the minds of moderate politicians. I will appeal to the British statesmen along with all thinking Indians that they may take a more practical and realistic view of things and ensure the support of all sections of Indians by granting the reasonable request of political India.

The Government of the country continues in the hands of the Advisers in the major part of India and the want of popular Government is felt more keenly as time advances. While I have no doubt that the Advisers are actuated by the best of motives to do what they think best for the country, they have been trained in bureaucracy and their views are naturally tinged by the bureaucratic spirit which does not believe in democracy and self-help. The Advisers are there only to fill the gap and it is not fair or just that they should, except when necessary, make changes which have far-reaching results. Unfortunately, in the co-operative field, the Government have, it seems, started to re-shape everything according to their ideas. In Madras, the co-operative movement has been nurtured by the Registrars and non-official gentlemen who believed in self-help and voluntary organisation. If the Movement has shown any vitality and any practical results in this province, it cannot be denied that it is mainly due to the initiative and self-sacrificing work of the nonofficials in the movement. It is no doubt true that non-officials with the same spirit are not coming into the Movement in as large numbers as is necessary in recent times. But that is no justification for what the Government are doing at present by the framing of rules under the Co-operative Societies Act,

which may or may not be within the powers vested in them under the Act, to direct and control the Movement through the Department. The tendency seems to be to get the control of the Movement directly or indirectly into the hands of the Department and make it impossible for self-respecting co-operators to join the Movement and take part in its working as hitherto. The draft rules published regarding the nature and terms of the loans to be given, the constitution of the committees of financing banks and the proposal to make the Registrar *ex-officio* member of the Executive Committee and the Board of Management of the Provincial Bank, all point in the same direction. Long standing differences of opinion are sought to be settled by a stroke of the pen. While I have been always in favour of the officials and non-officials in the Movement working together in a friendly spirit, I never thought that the Government will utilise the powers vested in them accidentally by the break-down of the Constitution, to give a blow to the Movement in this province which will take probably a decade to recover. I will appeal to the Adviser to the Governor of Madras who was once Registrar of Co-operative Societies, not to be carried away by the temptation to use his present powers to impose on the Movement his own views nor be a victim in the hands of departmental officers who try to manufacture opinion to suit the fancies of the Adviser or themselves.

The workers in the Movement are very much disturbed and they ask the question what they should do. A Committee appointed by the late Government has submitted a report. But the recommendations of the Committee are given the go-by even when they are unanimous. The enquiry of the Committee was exhaustive, but still new proposals, which were not even placed before the Committee, are taken up and pushed through. It seems to be a matter of accepting recommendations only when they coincide with the views of the Department and overriding them unceremoniously when they do not. Open participation in the elections by officials is no longer a strange phenomenon. The officials are said to have been interesting themselves in the election of delegates to conferences. Are the workers to continue in their places in spite of the strain and even humiliation all this may involve, or to leave the Movement now and return if necessary when times change? This is the question I have heard, asked in several places. I will appeal to the Adviser not to allow this state of affairs to continue and ruin the Movement as a popular democratic organisation in the province during the time he may be in power.

I am sorry I have sounded not a very cheerful tune. But I will not be doing justice either to myself or to the Movement if I do not give expression to what I feel. It is for you to consider how best you can save the situation. It is a matter of gratification to me that such a robust co-operator as Mr. Kale has agreed to come here to open the Conference. He needs no introduction to a co-operative audience. We have for our President this year a young and enthusiastic co-operator who is an economist of growing reputation. I have no doubt that the Conference will gain by his wide knowledge and learning.

I will now request Mr. Kale to open the Conference.

THE TWENTY-FOURTH Provincial Co-operative Conference, Madras.

INAUGURAL ADDRESS

BY PROF. V. G. KALE, M.A.

BROTHER CO-OPERATORS,

I was privileged to preside over the Madras Provincial Co-operative Conference a few years ago and I warmly welcome this opportunity so generously afforded to me of renewing contacts with old friends and co-workers and of benefiting by the discussion of important co-operative problems with them. The co-operative movement in India has already had its difficult questions to face and the difficulties have been intensified by the abnormal conditions in which we have to carry on. World economy and national economies have become unbalanced owing to the war and co-operative institutions have to adjust themselves to the changing circumstances and to prepare for the new world order which will be based on the principles of freedom and co-operation. Madras has played a valuable part in co-operative development and has given the lead to other provinces in certain important lines of progress. The report of the Madras Committee on Co-operation, 1939-40, has evoked wide-spread interest in the country and, I have no doubt, has provided a number of problems for you to solve. I have read with much profit the latest report of your Registrar. His shrewd observations, penetrating remarks and constructive suggestions are calculated to provoke careful reflection, if not also searching of hearts and to stimulate appropriate action. The issues raised in the two reports are of more than provincial interest and any decisions the Conference may take with regard to them will afford guidance outside Madras. In inaugurating this Conference, however, I am sure you will not expect me to deal individually with any of these questions. It would be inappropriate for me to encroach upon the functions of the President, whose proper province it is.

The happy choice of the President of this Conference, has to me special significance. Dr. Naidu has been a valued colleague in the Indian Economic Association to leading economists all over India. His work as a teacher and a scholar is too well known to you to need mention on my part. His association with the discussion of practical co-operative problems ought to usher in a fruitful era of intimate contact of the Economics Departments of our Universities with the co-operative movement. I shall not go so far as to say that the subject of rural economics has been neglected in our Indian Universities, but I shall say this that much more can and ought to

be attempted in the direction of the investigation and study of rural economy. In view of the great importance which is being attached all over the country to questions relating to rural reconstruction, cottage industries, agricultural indebtedness, marketing of crops, finance of farming, detailed and scientific study of different branches and aspects of rural economy is an indispensable condition of correct and beneficent action, legislative and executive. It should be possible for our Universities to encourage students, both at the undergraduate and the post-graduate stage, to take up rural economics as a subject worthy of special attention. I am, however, concerned here more particularly with co-operation and must say that compared with other countries, India is extremely backward in the matter of the academic and scientific treatment of co-operative problems. Co-operative activities being business dealings, have to be designed and carried on as business propositions and their profitability that is to say, the measure of economic and social advantage as compared with disadvantage, must be tested at every turn. Financing agencies, for instance, are interested in the prompt and regular recovery of their loans to societies. But in how many cases has a careful investigation been made into the conditions in which monies are borrowed and utilised and the manner in which co-operative credit has operated on the cultivators' business, their incomes and their standard of living? Illustrations may be multiplied to indicate what a large field there is needing exploration and investigation. The adoption of intelligent and correct policies is impossible in the absence of accurate information regarding the advantageousness or otherwise of co-operative practices followed in the different sections of the Movement, and the only result is drift and disappointment. Provisions of the Co-operative Societies Acts, by-laws and circulars of the Registrar are all useful so far as they go. But one has to go behind all these if one wishes to assess the utility and effectiveness of prevailing practices and to improve existing co-operative methods.

I am glad to find that the plea I have put forward above, has been supported by your Registrar in connection with the need to study the constantly changing conditions of the market to make co-operative sale successful. In his latest report he expresses regret that "the need to study the market is not yet sufficiently appreciated by co-operators engaged in buying and selling." In the light of experience in other countries, he strongly feels the need for more organised research and for a small statistical staff to do it and it is pleasing to be told that there is "agreement in this respect not only in the Department but also in the Banks and the Universities." Apart from the work that will be done in the Universities, the representative apex institution in the province appears to be the appropriate body which should make it one of its regular duties to organise research in the problems relating to the working of institutions affiliated to it. Unfortunately, the position of the Unions or

Institutes in some provinces has become anomalous, uncertain and helpless to render solid service and the earlier the situation is improved, the better.

The plea for research and expert examination of developments outside and inside the Movement with a view to the insurance of safety and promotion of progress in co-operative institutions, has been very strongly reinforced by the effects which the agrarian reforms, legislative and otherwise, introduced by many Provincial Governments in India are calculated to produce upon the constitution and activities of co-operative institutions. Legislation intended to relieve agricultural indebtedness passed in various provinces and providing, among other things, for the cutting down of interest rates and the scaling down of debts to the level of the repaying capacity of debtors, are indeed drastic remedies for chronic ailments. Measures of this character, intended to ameliorate the sad plight of the large mass of the peasantry, are welcome to co-operators but they have to see to it that credit societies and banks which are based on the principles of mutual service and self-help and are meant for the benefit of agriculturists, are not adversely affected and are not robbed of their capacity to do good. In Bombay, for instance, it has been a difficult matter to forecast, assess and provide for the losses that may be entailed upon primary societies and financing agencies as a result of the operation of the Agriculturist Debtors' Relief Act and the representations of these institutions that steps ought to be taken to see that their working and stability are not jeopardised by the relief legislation, have been sympathetically received and appreciated by the Provincial Government, an assurance being conveyed that necessary action would be taken in the matter. Rates of interest charged to borrowers by agricultural credit institutions in Madras, furnish an apt illustration of the type of questions I have been discussing. In his latest report, your Registrar points out that these rates are being kept down to the level imposed on other lenders of money by the Agriculturists' Relief Act and consequently the margin between the borrowing and lending rates has become too narrow for the safe working of the credit institutions. He observes: "Money-lenders are said to be refusing to lend at $6\frac{1}{4}$ per cent. and it is for the consideration of Government whether the rate fixed under the Act should not be a little higher. Co-operative institutions and money-lenders alike have to cover their risks and costs of supervision." The adjustment of lending and borrowing rates to changes in the money market conditions, is a matter which every banker has systematically to tackle, and co-operative credit institutions cannot afford to neglect it. The Registrar's remarks on the subject are, therefore, quite appropriate and ought to appeal to every practical-minded co-operator.

This discussion leads me to the question of securing the basic economic and ethical principles of co-operative organisation in the

midst of radical changes that are taking place all round and that are inevitable in the period of post-war reconstruction. It should be borne in mind that co-operative organisation is one sector of national economy that has to live and work by the side of other economic sectors, such as individual, joint stock and State enterprises, which are bound to exercise appreciable influence on it. The Movement must, therefore, possess sufficient power of adjustment and elasticity to enable it to function successfully under external influences of all kinds, while standing true to its ideals and fundamental principles. As the late Prof. Charles Gide, the eminent French economist and ardent co-operator, has observed, "of all efforts made to solve the social problem, co-operative organisation has proved the most successful." The Movement, it is instructive to note, has grown and prospered in all countries, in the West and in the East, under all forms of government. Freedom of human personality and equality are the two main pillars of the co-operative structure, and the Movement reconciles two apparently conflicting objects *viz.*, the material interest of the individual and the good of the community, and further, it harmoniously combines economic benefit with ethical obligation. In the totalitarian States of Europe, the two pillars of the co-operative structure have been smashed and individual freedom and personality have been smothered under the brutal weight of dictatorship. In those countries, co-operative institutions have been swept into the orbits of authority exercised by State-appointed dictators. For co-operators who are true to their ideal and who look upon co-operation as "organised freedom," this is an intolerable development and they will insist that in the new world order which will be created after the war, respect for the principles for which they stand, will be ensured beyond doubt.

Co-operators in India must not only adhere to the well-recognised ideals and methods of their movement but must make every effort to strengthen its organisation by co-ordination, discipline, integration and efficient working of institutions. The success of the movement depends on the attitude of the average member to his society as well as to his individual business and on proper leadership, feeling of solidarity and sense of individual responsibility. It can not be denied that this kind of consolidation, devoutly wished for on all hands, is not facilitated by the conditions created by the process of evolution through which the co-operative movement in India has passed. Nevertheless, the fact that the Movement was initiated and fostered in its early stages by Government, need not prevent the establishment of satisfactory relations between officials of the Department and non-official workers. The two form part of the same co-operative sector of national economy and it should not be difficult for them to act harmoniously together. After all, is it not the goal of departmental policy to reduce official control to the minimum required by the provisions of the Co-operative Acts and to see that societies are able to look after

their own affairs without the intrusion of outside authority? Complaints are often heard about needless official interference and control and about attempts to dictate policies to institutions. In his latest report your Registrar refers to this subject and says:— "Though some critics, including a few who have access to the facts but do not care to study them, have accused the department of trying to officialise the Movement, our policy remains the same as before—to help, to guide, where necessary to admonish, and only in the last resort to exercise the powers conferred by the Act for the protection of the public and the saving of societies." This is very neatly put, but things do not often work themselves out in that way. It would be fair, I think, to state that as non-officials are apt to commit mistakes, those whose business it is to exercise authority over others, may also err in feeling that they are always in the right and that their decisions must be followed without question. Officers of the Department will lose nothing and will gain much if before taking decisions on matters of policy and questions involving difference of opinion, they consult and take into their confidence representative and responsible non-officials. Machinery may be easily devised for such collaboration. The Provincial Union was, I believe, originally intended to play a role of this character. But unfortunately these apex bodies are not to-day performing functions which ought to fall within their purview and it is high time they were reorganised and entrusted with appropriate duties. The co-operative organisation must be endowed with democracy and self-government and it is up to co-operative leaders themselves so to unify and co-ordinate their societies and banks as to be able effectively to make their voice heard and their strength felt. Though I have no more pleasing tale to tell about the position and activities of the Bombay Provincial Co-operative Institute, I can point with a sense of satisfaction to the work of the Bombay Co-operative Banks' Association, which consists of representatives of the Provincial Bank and Central and Urban banks and which deals with problems of policy affecting these bodies. The Association was started and organised with the approval and co-operation of the Registrar who regularly consults it on all important questions. I believe the Association is working to the mutual advantage of the banks and the Department. If apex institutions like this, led by influential and responsible people and functioning efficiently, could be federated together, the provincial organisation thus constituted would be a powerful instrument for solid co-operative services of a varied character. The Department would be relieved of much of the heavy burden of its responsibilities if these are transferred to the provincial organisation of the type I have roughly sketched.

Among the deficiencies of our Movement often pointed out, its limited dimensions, its onesidedness and the inefficiency of supervision and management in its institutions, are prominent.

Now, it is generally admitted that our movement has touched only a small portion of the large population which stands in need of its benefits. But a little reflection will show that to undertake a "drive" for the expansion of the movement over the countryside, would be to repeat a mistake committed in the past, of aiming at quantity and big results regardless of the quality. Unless satisfactory provision has been made for propaganda, education, training and supervision, it is worse than useless to think of multiplying primary societies. This consideration applies with greater force to the organisation of multipurpose and sale and purchase societies, though the need of linking up credit with complementary activities is strongly felt. Adequate and efficient supervision of primary societies has proved a very tough problem and no satisfactory solution has yet been found for it. These questions have, however, to be faced and suitable arrangements have to be made for education, training and expert management. Honest, capable and industrious men are required to run our different institutions and we cannot despair of finding them.

The Registrar's review has certain instructive remarks on the points briefly made above, and they deserve careful consideration. He favours a cautious policy in starting new societies and rightly holds that "the development of trained business capacity must precede the launching of a drive to widen the scope of primary societies." He says that the development of marketing and consumers' societies is being impeded by a lack of suitable men, and primary societies which are finding it difficult to secure honest and capable men to manage them, can hardly be expected to provide for joint sale and purchase and village reconstruction. With regard to supervision, he remarks that the failure of unions is throwing a heavy burden upon the banks and that unless ways are devised to revive unions and to secure active and honest work from their unpaid directors, central banks will soon find that supervision through their inspectors is an impossible task. With regard to the management of the affairs of societies and banks the Registrar observes:—"Our institutions are run for the most part by amateurs and even the salaried professional staff have had too little experience of business outside the co-operative world. Our bankers have generally never been in a commercial bank; our stores managers were formerly school masters or Government officials, our marketing officers have never bought and sold on their own account. It is only in exceptional institutions that the directors and managers study the operations with the diligence and intelligence of the good businessman". These comments are pointed, challenging and thought-provoking. That the staff of societies and banks must consist of trained and experienced persons will not be denied and it will be conceded that members of managing committees and boards should have general acquaintance with banking methods and practices prevalent in the business world; but how to secure for the banks, directors who will

come up to the standard suggested, is not an easy question to answer. In view of the class of people from among whom directors of banks are drawn, it would appear to be necessary to devise arrangements to spread business knowledge among the persons concerned. To secure control of credit granted to societies, we are told that efforts have been made to educate panchayatdars but that they and the members of societies continue, to a disquieting extent, to be "co-operative illiterates". With these illiterates and "co-operative half-educated" elsewhere, the future for a programme of development must be gloomy indeed! After drawing attention to certain "deep-seated errors of attitude and practice" and to the "dishonesty and incompetence some times found in co-operative work" and after uttering a grave warning against the introduction into the co-operative movement, of personal, sectional and factious spirit, the Registrar has attempted to indicate how by purifying and co-ordinating our institutions, by promoting efficiency, both in breadth and depth, by the adoption of businesslike and honest methods and by the expansion of co-operative activities in a wider and a varied field, it will be possible to usher in a new era of progress and prosperity.

The Committee on Co-operation, Madras, has exhaustively dealt with the position of the Movement in this Province and has made a large number of practical recommendations for its improvement. But I have confined my attention mainly to your Registrar's survey of the movement as I found that it embodied a free and frank expression of views which may be supposed to carry considerable weight of authority. No true co-operator would like that the defects and the deficiencies in the Movement should be hidden or minimised and would resent criticism. It is all to the good that mistakes and drawbacks should be clearly pointed out so that the path of improvement and progress may be opened. Your Registrar's remedy for the ills of the body co-operative, appears to be co-operative education, to be undertaken by co-operators themselves. He would squash, once for all, the doctrine held by some that the development of co-operation is in the hands of Government. Would it be wrong and unfair to say here that he wants co-operators to hold the Department's baby? It is an admitted fact that Government has made itself responsible for starting, promoting and looking after the co-operative movement in India and that the latter has been guided and controlled by a Government department all these years. Your Registrar has himself stated that its present plight must be partly attributed to its hasty expansion. Co-operative policies have been formulated and carried into effect by the Department often without consulting non-official opinion and some times in spite of its opposition and the movement has never been "popular" in the real sense of the word. Facilities for the recovery of dues of societies by the coercive process from recalcitrant members have often been difficult to obtain

and demoralisation has resulted. The feeling has widely prevailed that co-operation is an affair of Government, managed under the auspices of one of its departments; and many have put their money into our banks under the impression that it was completely safe there because the institutions concerned were regularly audited, inspected and supervised by the Department. The Department cannot repudiate its responsibility for the present state of things which is deplored. Due credit must, on the other hand, be given to non-official workers who have, at no little sacrifice, participated in the building up of Co-operative institutions, often in discouraging conditions. But it is not a question of apportioning blame; the problem is how every one who is interested in the well-being of the masses, be he an official or a non-official, should make his contribution to the efficient Co-operative organisation of the people for the achievement of their welfare. Government has likewise to appreciate its responsibility, as representing the community as a whole, to the illiterate, backward, poverty-stricken and heavily indebted peasantry. It is now generally recognised in this country that rural development in an intensive form and on a large scale has to be undertaken and systematically carried out by Government. Legislation for debt relief, for instance, has been enacted in various Provinces with this end in view. This implies a recognition of responsibility by Government for the kind of amelioratory work which the Co-operative movement is attempting. Concessions, facilities and financial assistance claimed for co-operative institutions are thus not only fully deserved but are indispensable. The alternative would be for Government to take over the business of co-operative institutions and manage it themselves. This would undoubtedly be a retrograde step, opposed to the spirit of policy approved generally in all countries to-day. Co-operation is a universally recognised agency best suited for educating people in self help and thrift and for organising them for common welfare, material and moral. Let us frankly acknowledge the serious defects that have developed in our Movement and let us all, Government and the people, officials and non-officials, put our heads together, take common counsel and adopt the measures necessary for putting the movement in proper order and for providing for its steady progress. A united and determined effort of this character is bound to be rewarded with ultimate success.

I am afraid my criticisms and suggestions have been a little presumptuous, coming from a stranger not familiar with local conditions, and I hope you will excuse me for the liberty I have taken. I have to thank you.

THE TWENTY-FOURTH Madras Provincial Co-operative Conference

Held on 11th & 12th October 1941.

PRESIDENTIAL ADDRESS

BY DR. B.V. NARAYANASWAMY NAIDU, M.A., B.COM., Ph.D.,
BARRISTER-AT-LAW,

Professor of Economics, Annamalai University.

GENTLEMEN,

The Executive Committee of the Provincial Co-operative Union have done me a great honour by inviting so humble a student of economics as myself to preside over this Provincial Conference. I value the honour you have conferred upon me all the more because my connection with co-operation is more theoretical than practical, more that of an exponent of an interesting and valuable theory of economic and social organisation than that of an actual worker in the field of co-operative effort. I am fully aware that I am here in the presence of some of the ablest and most respected leaders that the Indian Co-operative Movement has produced; and while I greatly value the privilege I have of sitting with them in their deliberations, I have a doubt if I will be able to rise up to their expectations in guiding the discussions of this Conference towards a successful conclusion. I have indeed been actively connected with the working of a Paddy Sales Society, a Land Mortgage Bank and other co-operative organisations and I have had the privilege of serving on the Rural-Finance Sub-Committee of the All-India Planning Committee. But my chief interest in Co-operation is the interest of a teacher, and of an earnest student of economic thought, the interest that is naturally evoked in all those who make a wide study of popular welfare and democratic endeavour. I shall have, therefore, to crave your indulgence at every step in the progress of this Conference and beseech you to overlook my limitations and aid me to accomplish with some success the task you have imposed upon me.

The latter half of the last decade was a period of considerable economic activity all over the world. A world-wide depression in trade, industry and agriculture in the earlier half of the decade had produced considerable hardships to people, and the farmers and the poor labourers were the worst to suffer. Many-sided efforts were, therefore, directed towards the improvement of agriculture, trade and industry in all civilised countries. This period coincided in India with the ushering in of popular Government; and, as a consequence,

the adoption of ameliorative legislation of different types calculated to actively assist people engaged in agriculture and industry and relieve them from the rigour of the recent slump, engaged the minds of politicians all over the land. In addition, a deep and careful consideration of pressing economic problems was also initiated by philanthropic social organisations as well as by the more progressive of the popular provincial governments. To us at this Conference, of the many efforts thus made in the decade just finished, one is of particular significance: It is the work of the Committee on Co-operation which was constituted in Madras in November, 1938, by the Government of Madras and which published a splendid report of its work in April, 1940. The publication of the Report may be aptly described as a landmark in the history of Co-operation in this land, and the report itself is a flattering indication of the profound interest, the striking thoroughness and the wide vision with which the Committee faced its difficult task. A proper appraisal of the benefits which had actually accrued from co-operation in this province had to be made; the values of co-operative policy had to be carefully weighed; and recommendations calculated not only to overcome the defects of the movement and the system of its control and its administration, but to ensure at the same time the rapid progress of the movement in the right direction, had to be made. It will be presumptuous on my part to say that the work has been most ably done. Thoughtful students of economics and the more capable co-operators of this land will find much to ponder over and benefit by in this valuable document of co-operative progress.

To us who have met here to-day so soon after the publication of that Report, and at a time when the whole world is convulsed by the most disastrous and extensive war it has yet seen, there is possibly very little that may be regarded as new to co-operation to demand fresh consideration. The problems of the last decade and the twenty-five years of the earlier history of co-operation in our province, have been thrashed out by the Madras Committee; and we are now met at a period of history in which many drastic changes in the social and economic structure of the world seem inevitable. It will, therefore, be needless for us on the one hand to re-discuss the problems faced by the Madras Committee of 1939-40; and on the other, we are now too much in the middle of the world conflict to understand sufficiently and forecast with any certainty the implications of the present world-struggle for the future of economic thought and action.

The dangers that the President of a Conference of this type has to face in expressing any opinions under the circumstances I have referred to are many. Yet, having ventured to accept the

privilege of being here to-day, let me make bold to deal quite briefly with some of what I consider to be the more important aspects of the Co-operative Movement in our province; and in order that my remarks may not be misunderstood, let me first just indicate to you some of the basic principles of co-operation and the manner in which the movement has progressed so far in this land with reference to those principles. There is in this country a certain undeniable tendency deliberately to overlook essentials and, therefore, to let any movement drift for itself according to circumstances. I shall accordingly, at the risk of saying what is but elementary, stress the fundamentals on which the whole movement has been founded and by which alone can we ensure the real progress of co-operation as a means of the people's betterment.

Co-operation is the direct answer of the small farmer and the isolated and powerless individual to the threat of domination and exploitation by capitalism. Co-operation is a by-product of the *laissez faire* policy of the state. Capitalism by its very nature encouraged the exploitation of the consumer by the middleman: it gave the consumer inferior goods for high prices in order to secure large profits. Industrialism similarly extended the gulf between the farmer and his markets, and made it difficult for the agricultural producer to obtain a fair price for his goods or secure at a just cost all the raw material he needed for his domestic use. By force of necessity, and as knowledge and understanding increased, the farmers were compelled to organise various forms of joint or Co-operative effort by which they could as a united force face the destructive competition of capitalism and the increasing dangers of industrialism. Thus arose agricultural co-operation. Similarly, to escape the middlemen of industry, industrial workers initiated the Consumers' Co-operative Societies by which they could obtain household requisites at wholesale prices. Co-operation accordingly came to mean a voluntary association of individuals for the purpose of gaining a common economic end through thrift and self-help. The association is for the satisfaction of a felt need and as the aim is "each for all, all for each," the movement is an expression of the highest democratic ideal in the realm of economic activity. Co-operation is not, however, the result of any political theory. It is indeed an implied protest against economic inequity in so far as it seeks to protect by means of a social organisation the poor, isolated or powerless individual against the dangers of capitalistic exploitation; but it stirs up no aggressive class consciousness! It is non-violent. Its effort at improvement is directed to the creation of a capacity for self-help, thrift and mutual trust among the poor and the needy. In attempting to secure economic betterment, the Co-operative organisation seeks simultaneously to secure the moral uplift of its members; and while it seeks to extend material benefits, it purposes to

injure none. The good that it confers upon its constituents are based upon the high ideals of common service, not upon the capitalistic idea of exclusive profit. It is opposed to the principle of profit-sharing; but it aims by mutual assistance to give to its members, each according to the degree of his effort, the material advantages ordinarily available only to the well-to-do. In this, co-operation teaches the people the advantages of concerted action in securing material advancement and at the same time it builds up their self-reliance. In rendering self-help effective through organisation, co-operation elevates the morale of business ethics, for as between the members of a Co-operative organisation there can be no competition in production or distribution. Co-operation negatives the self-centred profiteering of middlemen.

Co-operation is often confused with Socialism. Socialism is apparently opposed to Capitalism; but in reality, whether in the Collectivist ideal in which all capital and industry would devolve upon the state or in the Communist ideal of an absolute equality of return to all workers, it is difficult to avoid the dangers of capitalism which benign co-operation seeks to prevent through mutual trust based on mutual knowledge and through self-help and thrift. Co-operative production and distribution, for instance, is spurred by the desire of those associated for the purpose to secure the best possible goods at the cheapest possible price. In Collectivism, capital being vested with the state, the stimulus to efficient and economical management is likely to be lost; and in Communism, capital still tends to be centred in the state and the equality of workers which it seeks to establish is rarely attained, as all workers may either not pull their strength or else fail to achieve the high personal standards needed to establish and maintain that equality. Accordingly even in Socialism, capital must be maintained and renewed with all its concomitant evils—disastrous competition, exploitation through middlemen, and discontent. In true co-operation, the association of people often comprises only a limited number of people who know one another, who are impelled by some common economic end to come together through self-help, mutual trust and thrift.

Essentially arising out of necessity, co-operation has developed differently according to differences in clime and circumstance. For instance, it started as Consumers' Co-operation in Britain; it began as Credit Co-operation in Germany; in Denmark, Co-operative Production was emphasised, and in Canada it was Co-operative Marketing that held sway. But to day, co-operation wages its beneficent war on capitalism over many fields of human endeavour, and aims through its conquests not merely to provide a palliative for the evils of competition and exploitation but also to raise the

moral level of people and ensure for them higher and better standards of existence.

In India, the principles of co-operative action may be said to have existed for a very long time in the joint family and the organisation of the caste system; but Co-operation, as we know it to-day, is a business principle and it is hence essentially a modern and a Western development. We owe the movement in this country entirely to the initiative of the Government. It is common knowledge that the movement was started here in 1904 as a credit movement in order that the agriculturists may be rescued from the grip of usurious money-lenders and provided with cheap credit both for purposes of cultivation and for enabling them to face bad harvests. The movement from 1904 onwards has grown greatly, but it has had to go through many phases of development, and pass through many vicissitudes, great and small. In Madras, from very small beginnings the movement has gained such ground that to-day there are 14,466 societies with over 1.16 million members and a working capital of more than Rs. 24 crores.

The movement has also been extended in many directions, but agricultural credit societies still predominate and form about 90 per cent. of the total number. The Societies which represent the agricultural and animal industries, cottage industries, many small trades, marketing, sales, better-living, thrift and other organisations form only about ten per cent. of the co-operative organisations. Agricultural non-credit societies are the more numerous among non-credit societies.

In a country where nearly ninety per cent. of the people live in villages, agriculture forms an essential part of the national occupations; but many factors to which I need not here refer have led to the heavy indebtedness of the Indian cultivators; and indebtedness has been sapping the life-blood of the nation. It was a wise and far-seeing Government which decided to introduce Co-operation into India in order to face this problem; but in spite of nearly forty years of endeavour, and in spite of the growing number of co-operative societies, the indebtedness of agriculturists has continued to grow at a colossal rate. We have already seen that the difficulties of the farmer can scarcely be solved by socialism or the abolition of private property. The agriculturists' principle salvation lies in the direction of co-operation which will provide him with not only cheap credit but also the necessary qualities of self-help and thrift by which he can avoid further indebtedness. In reality, however, co-operation itself has not brought any significant relief to the agriculturist debtor; for although the growth of co-operation in Madras may be described to be rapid, it has not affected more than a tenth of our population; and even the ten per

cent. of people who have been influenced by the movement have not wholly benefited from it. It must, for instance, greatly pain any thinking men to read in the Annual Report for 1940 of the Registrar of Co-operative Societies, Madras, that "the degree of dishonesty and incompetence sometimes found in co-operative work is, I regret to say, a discredit to co-operators, who ought to represent the best elements in the population if the co-operative principle of select membership were strictly followed and the co-operative talk of ideals were more than lip-service." If we remember that co-operation is an association of individuals for gaining a common end through honest means, we can see how serious and fundamental an indictment of the movement this report is. I may say without fear of contradiction that it is no light-hearted criticism, but the considered statement of one whose critical and watchful eye extends over the whole of this province. I have myself seen, in the course of two surveys I have conducted, undeniable evidence of negligence and inefficiency. Co-operation without honesty is a negation of the very principles on which the movement has been founded. The recent Madras Committee on Co-operation which made an analysis of the causes of the unsatisfactory position of Agricultural Credit Societies, surprisingly enough made no direct reference to this fundamental defect of the co-operative movement in Madras. Here is the analysis of the Committee. "The large number of liquidations in recent years, the increasing number of D class societies and an equally increasing number of societies which have not borrowed for years, the marked rise in the arrears from members to societies and from societies to financing banks, the increasing number of arbitration references and decrees and the forced purchase of lands of members by societies in the execution of decrees, the voluntary supersession of Panchayats and the appointment of agents for the management of Societies—these are all the elements of a situation which cannot be viewed with equanimity and which indicate a general lack of vitality on the part of many agricultural credit co-operatives." Giving further the causes which have brought about this stalemate in the rural credit organisation, the report refers to the following:—"Indifference of Panchayatdars (who are in many cases themselves defaulters), lack of proper supervision, lack of proper attention to the grant of extension, advancing of loans without proper consideration of their purpose and the repaying capacity of members, binamy transactions, failure to take prompt and sufficient steps for the recovery of overdues, illiteracy and ignorance of co-operative principles among members of primary societies, bad harvests, etc." Writing in 1933 on the progress of the movement in this presidency, I said, "Faction, favouritism and nepotism have no place in the economy of co-operation. Petty jealousies and bickerings should be forgotten in the disinterested service of the people. Incompetence

and dishonesty must be cut off with a ruthless hand if the movement should have a strong and healthy growth. Neither personal prominence nor party aggrandizement should be allowed to dominate the working of any society large or small." The Report on the Working of Co-operative Societies for 1940 says, however, "The Registrar and his subordinate staff can do but little to stop the rot, and the remedy ultimately lies in a real change of heart among the members of societies." Yes, if co-operation should thrive in our land and resuscitate our agriculture, build our trade, and better our standard of living, integrity should be made the primary basis not only of leadership but of membership in every society. Many grave defects in the working of co-operatives may be traced to the lack of basic honesty among the members. The large over-dues obstructing the progress of agricultural credit societies amount to over 40 per cent. in regard to short-term loans and to over 68 per cent. in regard to long-term loans: Loans are thus given by societies and accepted by members "with little regard to the necessity of repayment." The extent of overdues in primary societies may be taken as the measure of the failure of co-operative effort in fostering such moral qualities as will ensure the best use of cheap credit in productive and helpful ways. Unless co-operation helps to establish in practice an essential honesty of purpose in all the dealings of its members and sees to it that thrift, self-help, mutual assistance and watchfulness are made into realities of rural life and conduct, the co-operative ideal will continue to be but a chimerical ideal, not "a way of doing business."

I have said earlier that the association for co-operative effort arises out of a felt necessity and is voluntary; but in a country like ours in which nearly eighty-five per cent. of the people are illiterate, ignorant, poverty-stricken and self-centred, to call a rural society a voluntary association will be a misnomer. In order to create a real popular will, which is also like honesty the basis of all co-operative effort, it is essential that we should endeavour to liquidate within the shortest possible time the gross illiteracy of the masses, and educate them in the need for shouldering social and civic responsibilities for their own ultimate good. To give the rustic a power of appreciation of the good things of life, to enable him to understand the importance and value of concerted effort, to create in him the capacity for thinking in terms of the group and not of the self, to stimulate initiative and self-effort, to develop ideals of service—all so essential to the progress not only of co-operation but also of every other form of social organisation—we should endeavour through all possible means at our disposal to educate the great majority of our people who are now sunk in ignorance and apathy. It must be said with a certain amount of regret that even the present system of education which has but touched the fringes of our population has

not been wholly effective in creating a social conscience on which a healthy civic life depends. The extent of dishonesty and incompetence which prevails even among co-operators is an indication of the futility of our present educational system in regard to matters of social reform and betterment.

Apart from general education, insistence has been placed both by officials and non-officials and by various committees on Co-operation which have met in our country, upon the value of well-directed propaganda in creating the co-operative spirit. Propaganda will be of considerable help in stimulating popular interest in the movement and in inspiring an enthusiasm for co-operative leadership among public spirited people. But propaganda by itself will be but of limited value without adequate education in the fundamentals of the co-operative system of economic endeavour. We need special training for specialised work like co-operation; and even though the necessity for a central college of Co-operation has been pointed out and insisted on by many individuals and committees, no definite steps have yet been taken to establish a properly equipped and centralised institution for the purpose. It is true that a certain amount of guidance and training have been made available for the movement both from official and non-official sources. But what is urgently required is systematic training which will help not only to produce skilled officials and leaders who can cope adequately with all the varied forms of co-operative work peculiar to our land but also teach the co-operative principles effectively to the members of societies wherever necessary. It is needless for me to go into the details of the training which I envisage. It must be suited to the senior staff as well as the sub-ordinate staff and to secretaries and members of societies. I may here, however, stress that the systematic training needed should be provided by the establishment of a central institution for co-operative education for this province which will deal with all aspects of co-operative education according to a definite programme. In the report of the Madras Committee of 1940, a recommendation has been made for the institution of a College of Co-operation to be organised and managed by the Government and the establishment separately of two co-operative training institutes to be under non-official management, one for the northern districts and the other for the southern districts. I shall not deal here with the various aspects of the control of the Central College which the Madras Committee on Co-operation have discussed in full but let me say this that when the central institution is established, it should be organised on the same basis as any other educational institution for professional training. There is no need to fight shy of government control of the Central College for the simple reason that such institutions as the Medical College and the Engineering College which are government-managed, have not

failed to produce doctors and engineers who are men of eminence and efficiency and at the same time endowed with considerable public spirit. I agree with the Madras Committee in thinking that only under Government management, the central college will be able to secure the best teachers with the greatest security of tenure and the utmost possible freedom from interference.

In this connection, I may refer to the subject of Government control of the co-operative movement. A few of our more able leaders of co-operation have insistently sought for a relaxation of official control in order that non-official initiative and enterprise may not be discouraged and killed and the sense of responsibility "destroyed" among those to whose care the institutions should normally be committed. The insistence on the need for co-operative freedom is due to a belief that "the Co-operative Societies Acts are all drawn up with the Registrars as the centre of the picture and not the Society." While there is a good deal of truth in the contention that official control tends to smother the enterprise, enthusiasm and initiative of honorary workers in the field, it must not be overlooked that the movement did not spring up from the people spontaneously and that the rural population for whose essential uplift the movement was started are not only grossly uneducated and unwilling to improve, but blindly suspicious of all progressive efforts and often unreasonably antagonistic to both the non-official and official efforts at their betterment. I am a firm believer in the democratic ideals of co-operation; but under the conditions of social existence obtaining in this land, there is an emergent need to ensure the harmony of official and non-official agencies and properly to correlate their work in order that the best interests of our society may be served. Opposition evokes antagonism, while sympathy and understanding beget appreciation and regard. I have met many officials in my life and it gives me pleasure to say that I have found among them men of high honour and great integrity, a keen sense of devotion to duty and a love of the people no less strong and genuine than any we can show. Says our Registrar in his latest Report, "Our policy remains the same as before—to help, to guide, where necessary to admonish, and only in the last resort to exercise the powers conferred by the Act for the protection of the public and the savings of societies." The more we direct our efforts to our own improvement, the more education spreads and ideals of service are understood, the less will be the need for official control. At present, on the one hand, non-official endeavour should render all possible help to lead the movement and run the societies efficiently, concentrating its attention at the same time on the educational improvement of the agriculturists through example, lectures, demonstrations and other means of propaganda by which the fundamentals of co-operation may be understood, appreciated and practised. On the

other hand, official efforts should be directed towards the control and extension of the movement in its normal channels, and to the suppression with a strong hand of dishonesty, favouritism and nepotism wherever it may exist.

Let me now take for a somewhat detailed consideration certain aspects of co-operative development in this province. I have already indicated the origin of agricultural credit societies and referred in some detail to the fundamental defects they now suffer from in common with most co-operative institutions of this land. In the beginning, the expansion of rural credit societies in this province was rapid—perhaps more rapid than was desirable; and when the economic depression overtook them in 1929-30, they suffered a serious setback, the immediate cause being the depression, but the more remote and significant causes being fundamental defects in their organisation and administration. I have pointed out already that the Madras Committee which have detailed the causes of overdues have failed to give the basic causes the importance they deserve. It is essential to remember that most of the primary societies have not conformed to co-operative principles; and they have done little to develop and foster the qualities of thrift, self-help and mutual assistance and thus failed to secure a productive use for agricultural credit. Members of these societies continue to be so ignorant and apathetic that they have been unable to understand even the implications of unlimited liability. These are vital defects in village credit societies and until they are remedied and new vigour is infused into them, their efficiency and usefulness will continue to suffer.

Agricultural Credit Societies have to play a very notable part in the rural life of our land, and they form the very foundation of the co-operative edifice. Their financial strength is fundamental to the progress of the ryot, and hence they were even at their inception re-inforced with the aid of unlimited liability. But the strain of depression has revealed serious defects in their structure and prompt and adequate measures have to be taken if the edifice is to be saved from destruction.

The depression stressed the need to lighten the burden of rural debts and to facilitate their gradual recovery without undue strain to the agriculturist; and the altered circumstances of rural economy compelled the attention of co-operators and officials to the necessity of regulating fresh supplies of credit to cultivators in accordance with their reduced power of repayment. Though schemes of rectification and consolidation were initiated by the Department very early, the recent Madras Committee rightly considered it necessary to suggest a comprehensive plan of revival and reconstruction. The Committee did creditable work in this connection and made a

thorough and systematic analysis of the immediate causes of failure or default, societies being divided into four different categories according to their degrees of default. Interesting and valuable suggestions have been made for dealing with defaults according to category, and it is difficult to improve their work. What is of greater importance than rectification is, as the Committee itself thought, the considerable importance of proposals regarding the reconstruction of agricultural credit societies. These proposals were to be adopted immediately and a programme extending over five years for their rehabilitation was to be fixed. I can do no better than refer in brief to the many recommendations the Committee made in this connection. It was first pointed out that in this province not more than 18 persons out of every 1,000 had been so far enrolled as members of any Society, and that the village co-operative credit organisations were not at all adequate to our agricultural credit requirements. A five, seven or ten year plan of expansion was hence envisaged, and to this end, the wider basis of a group of villages was to be adopted for the area of operation of each society so as not only to bring all villages under the scheme, but to ensure economy and efficiency. With a view to making societies really democratic and representative, membership was to be increased but it was to be limited to those with character and integrity. Insistence was to be placed upon the business aspect of the movement and the credit position of the members was to be buttressed up with the promotion of subsidiary industries among agriculturists, the introduction of improved methods of agriculture, the fixation of individual limits for unproductive but unavoidable expenditure and the encouragement of loans and recoveries in kind. A majority of members favoured the adoption of the principles of limited liability for the reorganised societies though a strong minority was in favour of the retention of unlimited liability. Reorganised societies were to be given paid clerical assistance and the system of appointing group clerks was condemned as conditions necessary for its success were rarely obtained in practice. The credit policy of reorganised societies was to be strengthened so as to enable them "to cater, as far as possible, for all the economic needs of members and at the same time, to build up reserves;" and 'outside' borrowing was to be effectively prevented by a sort of "voluntary compulsion" by which eligible members would be compelled on pain of expulsion to borrow within their limits from the society only; and where the limit of credit fixed in the by-laws was to be exceeded for loans of a genuinely productive or legitimate nature, central banks were to be authorised to relax the maximum credit limit in individual cases. While long term loans for the redemption of prior debts of village credit societies were to be discouraged, short-term loans with the first charge on harvests were to be encouraged.

A special system of medium-term loans extending to three years ordinarily and seven years in exceptional cases, loans for buying animals, costly implements, carts, etc., should be adopted and the time-limit of the loans was to be related "to the earning capacity of the borrower on the estimated return from his land or other sources of income, his living-cost," etc. Loans for domestic necessity were to be granted with care, and loans against standing crops and produce were to be developed, "particularly small loans for the smaller ryots;" and to facilitate this, provision was to be made for storage facilities with Government assistance. The grant of loans on the pledge of jewels could be made experimentally with the permission of the Registrar. The Committee then stressed the need for quick supply of credit to members, and for developing a system of annual forecasts of the short-term requirements of members so that all their legitimate credit needs could be accommodated promptly on the basis of the forecasts. To avoid delays, village credit societies should have "cash-credits with central banks to enable them to draw money and disburse it to their members as and when required." In this connection, it was emphasised that the Provincial Bank should promptly dispose of all loan applications from central banks. To encourage a sound credit system and to show that co-operation is controlled credit, it was necessary for rural societies to discourage and control unproductive borrowing and create a public opinion against social extravagance; and loans should be advanced only for useful and productive purposes. Rates of interest were to be so adjusted as to make them cheap but adequate to give the societies "a sufficient margin between the borrowing and lending rates." Further the societies should safeguard their position by the adoption of certain measures for the avoidance of an accumulation of overdues. Lastly, it was imperative that the societies should ensure the correct preparation and maintenance of the property statements of their members.

These recommendations for the reorganisation of village credit societies have been made with commendable thoroughness; and efforts have been made by the Committee to deal with the diverse problems in relation to changed circumstances of village existence with a view not only to ensure the essential purpose of these societies as credit organisations but to enable them to acquire new sources of strength and efficiency in regard to their functions, finance and administration. I should like to refer here in detail to two of the recommendations - the one concerning the widening of the area of operation of the primary societies and the other concerning the introduction of unlimited liability in the reorganised societies. But before I do so, let me sound a note of warning regarding the many recommendations of the Committee. Their

adoption will entail a greater need for selflessness, tact, understanding and knowledge on the part of honorary officials and a greater need for efficiency and devotion to their work. Their adoption will render the work of the village societies more and more complicated. In the present state of our training and outlook, I have a serious doubt if honorary service without official aid will be sufficient and effective enough to adopt them in practice all at once. A gradual improvement is more likely to be helpful in the long-run than the wholesale and simultaneous adoption of all the valuable but multifarious recommendations of the Madras Committee.

As regards the extension of the area of operation of the village credit society, I am at one with the Committee in believing that the extension will enable the primary societies to increase their volume of business and thereby to acquire paid clerical staff; and at the same time it may provide a check to local factions now affecting efficiency, and offer added scope for effective supervision, inspection and audit. A wider basis may also facilitate a better selection of qualified men as office bearers, and these men could find in a group of villages more ample opportunities for developing their business talents than in the narrow confines of a single village. Owing to the present state of our social organisation and education, it has been our sad experience that even within the limits of the village, very little interest is evinced by members to acquire mutual knowledge or develop the capacity for mutual help; if factions existing in villages show a tendency to spread into inter-village feuds, we must attempt somehow to go to their root causes and remove them; and further, no special benefit has accrued so far from the principle of "one society one village," worked in consonance with the Indian tradition of regarding the village as a unit of corporate life. A compact group of villages is more likely to facilitate efficient corporate activity under modern business and general living conditions than a small and resourceless village unit which often comprises but a few hamlets and many absentee landlords. The union of contiguous villages for a common business end does not necessarily negative the co-operative principle of mutual knowledge; on the other hand, increased efficiency attained through the grouping will stimulate more and more extensive developments beneficial to the rural population.

As regards the question of replacing unlimited by limited liability in the reorganised societies, I believe in the majority opinion that limited liability at this stage of development is necessary to gain the confidence of the investing public. Recent experience all over the world may be said to be against the continuation of the principle of joint and several liability owing to its tendency to impair the support of the members and affect their regard for the

co-operative ideal. As one authority says, "a sound economic purpose, good organisation and good management are much more essential to the well-being of co-operation than the most complete liability of members." Unlimited liability has done more harm than good owing to the over-financing it has induced. The advocates of unlimited liability argue that a sudden change may lead to a suspicion that all is not right with the movement and it might weaken the emphasis on character. They also contend further in favour of unlimited liability that limited liability might affect the watchfulness of panchayatdars in the examination of loan applications and that this would tend thereby to a greater but needless check on the part of the central banks. But I see no great force in these arguments.

As against the disadvantages of unlimited liability, there are also certain special benefits which can accrue from the adoption of the principle of limited liability for the reorganised primary societies. Periods of economic strain like the recent depression will necessitate a strict enforcement of unlimited liability in the liquidation of societies. Non-borrowing members and those who have been regularly discharging their debts will suffer heavily. Unlimited liability tends to keep away from the movement the more solvent and well-to-do agriculturists much to the disadvantage of the rural societies. So long as the right of alienation is not checked, unlimited liability does not prevent dishonest evasions of repayment. The confidence the society creates in depositors or the public arises out of efficient management and the support the Government has given, not so much out of unlimited liability. These apart, the principle itself of unlimited liability is not generally understood and the mutual knowledge on which it is based is rarely present. Unlimited liability is superfluous in a land in which loans are commonly issued not on the basis of personal character but of material security. Cheap credit is sometimes said to depend on unlimited liability but to me the connection appears to be too slender to be valued. I agree with the Madras Committee that the reorganised village societies will need a form of limited liability both for the purpose of creating confidence in the public and for securing efficiency in dealing with a group of villages, and in extending its functions to other work than credit. The urban co-operative societies which have worked on the basis of limited liability have not ceased to be co-operative; and there is no reason why the principle should not be adopted for the larger rural societies proposed to be brought into existence.

The next subject to which I wish to refer pertains to the proposal brought before the Madras Committee on Co-operation to provincialise all co-operative banking in the province by conversion of the central banks into branches of the apex bank at Madras. The

present organisation is an efficient federation in which the autonomy of both the basic units in villages and the district banks is fully reorganised and protected on the co-operative principle. The proposal was made on the assumption that at present the central banks are but intermediaries between the Provincial Bank and the village societies and as such can be eliminated so as to cut down expenses of management and give an advantage to the borrowers. The scheme of centralisation, it is also presumed, will help to centralise not only fund but banking skill and experience, and thereby effect further savings in the cost of management. Another argument advanced in favour of the proposal is that a uniformity in policy, co-ordination and financial control would be achieved with ease by centralisation. The Madras Committee did wisely in refuting these arguments and emphasising the great value of central banks to the Co-operative movement. The Central Banks are not mere intermediaries in the Co-operative credit organisation; the loans from the Provincial Banks and overdrafts amounted only to 11.3 per cent. in the year the Committee met. The economies in management which may be secured by centralisation will be offset by the increased expenditure connected with the management and supervision of district branches. This consideration of economy overlooks the fact that the business of Central Banks has been increasing and that the reorganised and strengthened rural societies are likely to provide additional business to the Central Banks in the near future. Further, a uniform banking policy can be initiated as well for a federation of many autonomous units as for a centralised system; and periodical conferences of the district units would help to co-ordinate policies and methods of financial management. There is also the danger that centralisation may render the administration top-heavy. Instead of the efficient pyramidal arrangement we now have, there might result an organisation in which the apex bank would weigh down the Central Banks and basic units and suppress all local initiative and enterprise.

Whatever the advantages of provincialisation, it is essential that in this connection we should not overlook the manifold advantages the Central Banks have. The local autonomy of the district units now ensures enthusiasm in the members of the managing boards, and pride in their work conduces not only to enterprise and efficiency but to the encouragement of local deposits. Autonomy now enables the Central Banks to maintain an intimate contact with the constituent societies; and this gives them a direct and adequate knowledge of the needs of their members and also facilitates freedom of action and flexibility of operation. The Central Banks now ensure an effective supervision of constituent societies with the assistance of supervising unions, and this is a work which will be difficult to do in a complex and top-heavy provincial administration. The Central Banks both by their knowledge, nearness and

efficiency, will be best fitted to assist the reorganised village societies which the Committee has proposed to bring into existence. Thirty years of existence have proved the value of Central Banks and they have successfully stood the test of the trying times of the recent depression. But the greatest danger arising out of their conversion into branches of the apex bank would be that defects and faults in one part would, on account of the close connection brought about by centralisation, tend to pervade the whole system of co-operative credit and destroy it. The responsibility for faults and omissions should rest with the individual units if co-operative finance is to be safeguarded from the dangers that but recently seriously undermined it in two major provinces of this land. Independence is necessary to obviate the dangers of inter-dependence. Recent European experience is said to be in favour of "the two financial storeys;" and every consideration would prove that there is little need to effect a change in the federal system of the Co-operative banking organisation in this province.

I wish now to speak of one other subject connected with co-operative banking. Surprisingly enough, the Madras Committee have by a majority decided in favour of eliminating from central banks representatives of individual shareholders in order that the banks may be wholly representative of constituent societies only. It has been argued that this change will make the federal structure of co-operative credit more co-operative! Representative individual shareholders are not indispensable to the central banks as they are in a minority of just a third, are unable hence to make their influence felt and are rarely possessed of expert knowledge or business acumen. They are also in any case superficial as most banks have paid and capable secretaries with banking qualifications. Further the mixed constitution has in the past tempted proposals for "divorcing finance from supervision." If individual representation is necessary, by laws may be so modified as to permit the co-optation of "three public-spirited individuals who possess expert knowledge in co-operative banking, or co-operation, or whose presence in the management will be helpful." I am unable altogether to see any force in these arguments of the Committee. What is this sudden grievance against representatives of individual shareholders due to? Have they caused any trouble, or been recriminative or unreasonable as a class? Has it not been the fact that their presence and co-operation has been helpful to central banks in the past in creating public trust and in providing a steadying force in their working? Have not men of great merit and high qualities been drawn by the president bank from the ranks of these shareholders' representatives in the district units? If local talent is overlooked and prejudiced, would it not adversely affect local investments and shake the confidence of the public? It is true, sound

organisation and correct business produce public trust in banks; but would not a sudden change in personnel and modes of representation set people thinking and give rise to suspicion? Have conditions altered so greatly that we should not overlook the warning that the Townsend Committee gave against any rapid change in this direction? Men of merit and integrity, wherever placed, will always help to lead, in however small a minority they may be. Representatives of individual shareholders have evidently rendered yeoman service in the beginning in the management of central banks and in extending their work as agencies of credit. They have not failed to adjust themselves to changing circumstances; they have, in fact, served as a wholesome corrective to faults in the working of the central banks. I can, accordingly, see no reason in the proposed changes.

In an address to a Conference of this type, it is barely possible to deal at length with every aspect of co-operation. I am sure you have for discussion before you quite an ambitious programme. I shall not, therefore, take much of your time. I shall be content with having referred in some detail to two of the more essential aspects of co-operative effort. Even where I have been apparently lengthy, I have for the sake of brevity risked the sacrifice of clearness; but before I conclude, permit me to indicate to you in very general terms the need to extend rapidly the field of our endeavour to 'pastures new.' In this land, we have till recently been too much obsessed with the provision of credit and given too little attention to the uses of that credit. We have been more concerned with the liquidation of agricultural debt than with the removal of the factors leading to that debt. We have been directing most of our energy to the buttressing up a building which has well nigh lost its very foundation. Indian co-operation has drifted aimlessly on the high seas of elusive credit; and it is only now that it is coming to its moorings. To enable co-operation to serve its ultimate purpose of better-living, an intensive expansion of its activities in every field of economic activity should be undertaken. Agriculture, trade and industry offer untold possibilities of development on the co-operative principle; only the human will has to be yoked to the vehicle of human prosperity and well-being. The suggestion has already been made by the Madras Committee, and diverse but unconnected efforts have been made in many places, to put into practice the model by-laws of village societies which aim to supply manure, improved seed, and modernised implements for efficient cultivation, to effect common sales of village produce for better returns and even to make joint purchases of agricultural equipment and power machinery to facilitate collective farming. As the Committee said, "the germ of multi-purpose societies is there in existence in our by-laws;" and in working such societies, the development

under intelligent direction of subsidiary cottage industries, should also be undertaken side by side in order to improve the income and add to the purchasing power of the agricultural population. The nature of these subsidiary industries will naturally vary from place to place; but dairying, poultry-keeping, apiculture, handloom-weaving, fruit-growing and diverse other industries offering scope for subsidiary occupations call for special technique and careful organisation as well as the aid of more than one department of Government to guide and supplement non-official endeavour. In this connection, it is necessary to point out that with efforts at agricultural improvement, no attempts have been made side by side to develop and co-ordinate such industries as are connected with, or arise out of agriculture. At Vuyyur, a joint enterprise for the production of sugar-cane and of sugar on the co-operative basis has indeed been started, and though the report is not at present very encouraging, we may hope that it will ultimately prove a success. With greater education and more co-ordinated effort, its example may stimulate similar endeavours in the province.

Of 14,466 societies in the presidency we have to-day, there are 710 agricultural non-credit societies, many of them interested in milk-supply, the supply of provisions, in weaving, and in school and college stores; and there are also 982 non-agricultural non-credit societies. These non-credit societies represent many branches of agricultural effort and animal industry; and some are concerned with industrial effort and housing and attempts at thrift and better-living. As I have already indicated, the total number of non-credit societies in this province amount altogether only to about 10 per cent. and even the few such societies which lie scattered over the province are not the result of any co-ordinated effort. In his latest report, speaking of stores societies, the Registrar says that "co-operative societies on their side have to widen their conception of mutual life till every society serves and is served by every other society into relation with which its work naturally deals. . . . The interests of consumers all over this province will be better served by organising for the common good than by continuing an anarchy of isolated co-operative stores." As we have seen, the haphazard growth of the earlier societies have revealed fundamental defects in their structure and stressed the need not only for the linking of all co-operative effort but for a proper co-ordination of the movement itself with agriculture, trade and industry.

If the co-operative movement has not eradicated rural indebtedness, if it has not yet made any significant contributions to the betterment of rural life, it is because it is dependent not only upon the simultaneous attack of the many forces causing rural poverty and suffering, but upon the strength and effectiveness of the means of

attack. It is therefore essential that a plan of co-operative development should be initiated to ensure the success of the movement. Co-operative endeavour will ensure for the village the advantages which the individual cannot hope for—expert assistance and scientific appliances essential to agricultural improvement and marketing. Co-operation will also cheapen the cost of living, render medical aid easy, ensure better and more hygienic housing, develop handicrafts, create thrift, secure good cattle, prevent litigation and in a hundred other ways make good living possible.

Now let me conclude this address with an appeal to you to do your best to spread the cause of true co-operation by which our people, the poorer and more needy ones in particular, may get to know the advantages of association for their own common good. I may re-emphasise that co-operation in this land has taken its own special course, and that its economic aim is now inextricably mixed up with a social aim. The betterment of our rural population depends not so much on the mere availability of credit as on the factors by which the qualities of self-help and thrift may be developed and used to increase the income of the villager. Self-help would imply endeavour and initiative; and where these are awakened, the arduous task of village reconstruction would be well done. "Better-farming, better business and better living" would then be not a mere ideal, but a practical achievement. Rural poverty will not cease with rural credit; it must be exercised with the wand of enlightenment which will drive away ignorance and apathy, which now obstruct the material and the moral progress of the villager. Improved farming—through the use of better seed, modern implements, consolidation of holdings, up-to-date methods of cultivation and the use of efficient livestock—would bring in its train increased income. Joint sales and organised marketing would obviate losses through middlemen. Subsidiary occupations, especially those which can be linked up with the production of the principal crops, will further supplement incomes. Added incomes will in their turn tend to advance the standard of living. It will be the privilege of co-operation to render all this noble service. But it is a privilege which can be made possible only through planned effort and honest and selfless leadership.

Though planning is indispensable to the success of the co-operative means of rural betterment, it should not be forgotten that co-operation is a democratic institution which demands selfless and capable leadership. While I agree with the president of a former Conference that "no solution of the agrarian distress is feasible except on the initiative of the state" and that economic planning should accordingly vest with the Government, I am also convinced that the war against poverty, disunion and ignorance cannot be

waged except with the artillery of wise leadership. The progress of co-operation must run parallel with the progress of education. It has been said that the association of the rich with the poor will not be co-operative; the rich will tend to ride rough shod over the poor. But there is no principle by which the wise are forbidden from associating with the ignorant. Wisdom begets wisdom; and the wise will not be the worse for imparting their knowledge to the unformed. Convinced that kind hearts are more than coronets, let those who know, and are better-placed than others, bring light and freedom into the village which well nigh is

“misery’s darkest cavern known”

“where anguish pours his groan.”

It is good to remember that

“We live in deeds, not years; in thoughts, not breaths;
In feelings, not in figures on a dial.

We should count time by heart-throbs. He most lives
Who thinks most, feels the noblest, acts the best.”

