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EDITORIAL NOTES

HANDLOOM WEAVERS' CO-OPERATIVES

Pandit Madan Mohan Malaviya's dissenting minute appended to the Report of the Indian Industrial Commission (1916-18) still holds the field as a classic on the subject of disabilities of handloom weavers in India and the unfair treatment to which they have been subjected. Since the publication of that report Indian public opinion has been persistent in pressing on the Government the necessity of preserving this ancient industry of India from extinction in the process of unfair competition with textile mill industry. Handloom weaving is still the main subsidiary occupation of millions of rural population and has demonstrated that it has sufficient vitality to withstand the competition of the mills, provided suitable protection is afforded to it. The action taken by the Government of India in recent years by granting a subsidy to the industry, through the Provincial Governments, is a step in the right direction. But a subsidy of Rs. 5 lakhs for a province, the utilisation of which is spread over five years hardly meets the requirements of the situation. Therefore the question of taking further steps to preserve and expand the handloom industry and to improve the economic condition of the handloom weaver has continued to engage the attention of the public as well as of the Government.

As a result of the deliberations of the Industrial Conference convened by the Government of India in December last, a Committee called the 'Fact Finding Committee,' with Prof. P. J. Thomas of the Madras University as Chairman, was appointed to survey the present position of the handloom industry in India. We publish elsewhere in this issue the questionnaire issued by the Committee. The terms of reference are comprehensive. The main function of the Committee appears *inter alia* to be to ascertain in each of the areas surveyed the number of persons engaged in the industry, the nature of handloom products and the extent and character of the competition between the handloom and mill products. The Committee is also expected to report on the existing organisation for marketing of handloom products. We are glad to know that this 'Fact Finding Committee' has put itself in touch with the Co-operative organisations interested in the problem of manufacture and distribution of handloom products in some of the Provinces and States. Reports from such organisations on the results of experience gained by them in the last two or three decades and constructive suggestions for utilising the co-operative movement for the purposes of manufacture and sale of handloom cloth should prove valuable. In view of the fact that information is being prepared for the use of the 'Fact Finding Committee' we expected that we would have no difficulty in receiving contributions on the subject readily from several Provinces and States. We must, however, say that our invitation for contributions on the subject has not met with adequate response.* But from the few brief articles on handloom weaving industry received by us and published in this issue, it will be seen that the main requirements of the industry are the supply of capital and raw-material, particularly yarn, and organisation of production and marketing of goods by co-operative societies. There is little or no information on questions like the cost of production of the different varieties of handloom cloth, the extent of internal and external markets for such products and the wage level of weavers engaged in the industry.

It is a well known fact that due to the protection afforded to cotton textile mills in this country and other causes, the competition between the products of the powerloom and handloom has become intensified, that the mills now manufacture several varieties of goods which were hitherto considered to be the sphere of handloom weaving and that the price of yarn supplied to handloom weavers has been enormously increased. Various suggestions have been put forward to minimise the disastrous effects of this unequal competition and to give reasonable protection to the handloom industry. The Madras Committee on Co-operation which devoted a whole chapter to this subject made the following suggestions:

1. Adjustment of the spheres of production of the powerloom and the handloom by reservation of certain classes of fabrics and of certain counts of yarn to the handloom producers or by fixing quota restricting the quantity of production by powerlooms,
2. Levy of a cess on the sale of mill cloth, Indian and foreign, at a rate sufficient to counteract the effect of competition, with due regard to the parity of prices of handloom and mill cloth,
3. Increase of the licence fee imposed by the Madras Government in 1937 on dealers of mill cloth to an extent which will in itself be sufficient to offset the higher cost of handloom cloth in relation to mill cloth and to render it unremunerative for dealers in mill cloth to ply their trade in rural areas and
4. Levy of differential freight rates for transport by railway of mill and handloom products.

* Since sending the Editorial Notes to our printers we have received an article on Weavers' Societies in Madras by Mr. K. C. Ramakrishnan of the Madras University, which deals exhaustively with the progress that the societies have made from 1905 to 1941, and the activities of the Madras Handloom Weavers' Provincial Co-operative Society. We are glad to publish the same.

At the sittings of the 'Fact Finding Committee' in Madras some of the witnesses examined urged that mills should be prohibited from weaving below at least 20 counts and that mills should more largely confine themselves to spinning and weaving higher counts. The Registrar of Co-operative Societies, Madras seems to have suggested the desirability of imposing an excise duty on goods produced on powerlooms as a measure of state-aid, having regard to the national importance of the handloom industry. The Director of Industries, however, does not appear to have endorsed this view and he is reported to have said that excise duty might be imposed if it is considered desirable but as to whether it is desirable or not it was difficult to say. It has also been suggested that if profiteering middlemen who thrive on speculation are eliminated from the business, the price of yarn to the handloom weavers could be brought down and that mills might open depots for sale of yarn directly to the weavers. The representatives of Messrs. Binny & Co., seem to have stated that there was scope for co-operation between the handloom industry and the mill industry and if such co-operation was forthcoming, the Government should so shape their policy as to ensure enough work for the handlooms and the mills. But no definite indication seems to have been given as to the nature and scope of such co-operation. It was further suggested that action on the part of Government was also necessary for securing yarn at reasonable prices, such as stopping export of surplus yarn except to the extent necessary for war production.

The Bombay Mill Owners' Association and the Southern India Chamber of Commerce estimate, in their memoranda to the 'Fact Finding Committee' that the consumption of yarn by handlooms in India had risen from lbs. 227 millions in 1910-11 to lbs. 449 millions in 1939-40. This increase in the output of handloom cloth does not, however, indicate any improvement in the economic condition of the handloom weaver. In fact it has deteriorated; the scale of average earning has decreased and the conditions of his labour are akin to those of sweating.

The survival of the handloom industry in spite of the growing competition by the mills is attributed by some to the belief that handloom products are more durable than mill made clothes. There may be some truth in this belief. But it is also to be remembered that special qualities and patterns of cloth which can still be made better on handlooms command a good market in India and outside wherever there is an Indian section of the population. The Southern India Chamber of Commerce mentions the following among such fabrics: "solid bordered sarees, fabrics where silver or gold, or other metallic effects are introduced, elaborately checked goods, cloth where single pick effects are important, a wide range of coloured cloth, tapestry cloth, and certain other types of brocades used for curtains, upholstery, ladies' dress etc." Madras enjoys the pride of place among the provinces and a third of the total number of looms in Madras are employed in catering to overseas markets and thereby getting the resultant buying power from those countries. These products are exported to Burma, Ceylon, Malaya and Dutch East Indies which largely consume lungies and sarongs and to British West African countries which take almost all the Madras handkerchiefs. These overseas markets are responsible for about one third of the handloom products turned out, and trade with them alone averages about three crores of rupees a year.

The adoption of remedial measures like those suggested above especially the demarcation of the varieties of cloth to be manufactured by the powerlooms and handlooms, is however one which may give rise to many difficulties in practice. The Bombay Mill-owners' Association and the Southern India Chamber of Commerce, in the memoranda submitted by them to the 'Fact Finding Committee' drew attention to the fact that prohibiting powerlooms from using low count yarns, will not only make yarn more costly to the handloom weavers but also hit the agriculturists who mainly raise short staple varieties, when the consumption of such varieties by the mills is prohibited without any certainty that there will be compensating demand for this cotton on account of handloom industry. In several areas where short staple cotton is raised there may be no scope for raising other cash crops in lieu of short staple cotton. The freezing of Japanese assets has already hit the growers of short staple cotton in India. The problem is thus one

of some complexity. A satisfactory solution cannot be arrived at without a proper understanding not only between the Government of India, the Provincial and State Governments and the representatives of mill and handloom industries, but also with the agricultural interests, that is to say of the growers of cotton. With regard to the suggestion that middlemen should be eliminated and that the mills should open depots for direct sale of yarn to the weavers, some Chambers of Commerce have pointed out that wholesale yarn dealers serve a useful purpose and are not an evil. With regard to approved dealers and commission agents one of the chambers of commerce points out that only such dealers and commission agents have personal contact with the weavers and a knowledge of local condition and possess the necessary equipment and organisation for distributing goods on credit, watching production and collecting outstandings. It is only when this intermediate agency goes down to the link of small retailers or village sowcars that there may be scope for elimination. The question is one which requires careful examination. In any case we feel that co-operative societies may take over, in a larger measure than they now do the functions which are at present discharged by wholesale dealers in yarn, approved retail merchants and commission agents.

It seems to us that the main problem of co-operative weaving societies is one of reorganisation, improvement in the direction of purchasing raw materials and disposing of finished products on a co-operative basis. We hope that the co-operative organisations interested in the problem have placed their proposals with the necessary data before the 'Fact Finding Committee' and that the Committee will examine closely the benefits of adopting the co-operative method in the manufacture and distribution of handloom products. There seems to be a general consensus of opinion among the witnesses examined by the Committee at its Madras sitting that the co-operative organisation of the weavers for the purpose offers the most promising solution of the problems.

An example of how co-operative societies can be utilised for purposes of war production is to be found in the action of the Co-operative Department in the United Provinces to organise co-operative societies for the manufacture of blankets on the advice of the Industries Department, in three districts viz., Muzaffarnagar, Meerut, and Bijnor. It was decided that yarns should be supplied to these societies and arrangements made for marketing their products. It was also resolved that a Central Marketing Board which would deal directly with the Supply Department should also be established. We also publish in this issue an extract which shows that a similar scheme is being successfully worked in seven districts of the Bombay Presidency.

None of the articles published by us deals with the question of the production of Khadi. Khadi can of course only be produced on handlooms. The Khadi Movement has come to stay and is bound to make great progress in coming years under the inspiring direction of Mahatma Gandhi and Pandit Jawaharlal Nehru. With the increase of output of hand-spun yarn in the villages when villages take to it more largely, the employment of the requisite number of looms to convert that yarn into cloth, which is meant for use and not for sale at profit will necessarily follow. We hope that the 'Fact Finding Committee' will devote adequate attention to the problem of hand-spinning and hand-weaving and the employment it can give to the rural population.

The shortage of mill yarn for handlooms may prove a blessing in disguise to the Khadi movement. Sir Victor Sasoon, the well known cotton magnate, after surveying the position of the supply of yarn by mills says that the basic trouble is the stoppage of imports which has resulted in a definite shortage of yarn for handlooms and the fact that Government orders are for specifications which need more spindles per loom reduces the yarn surplus of mills and so accentuates this shortage. Sir Victor recalls how in one weaving centre he visited he found less than 1,000 at work, out of the 5 or 6 thousand workers, because they had no yarn and could not get any. Sir Victor concludes his survey with the welcome suggestion that *"attempts should be made to feed handlooms with hand-spun yarn."*

GRAFTING DEPOSITORS ON COMMITTEES OF FINANCING BANKS

We reproduce elsewhere the draft amendment to Rule XXVI securing representation of depositors on the board of management of central banks framed under the Madras Co-operative Societies Act, which is published by the Government of Madras to elicit public opinion thereon. We propose to examine the implications of the amendment in some detail having regard to its far reaching effects on the theory and practice of co-operation and in view of the matter being one of general, and not merely provincial, interest.

The existing position under Rule XXVI is this. An individual member will not be eligible for appointment as member of the committee of a financing bank unless he satisfies *one* of the following conditions: 1. he holds a prescribed number of shares in the bank; 2. he invests in fixed deposits a prescribed amount. Normally share holding in a co-operative bank is not resorted to as a source of investment of surplus

wealth for profit. Dividend is severely restricted by the rules and is contingent on the bank making sufficient profits to leave a surplus for distribution after allocating adequate portions of it to statutory, bad debt and other reserves. Moreover there is a limit in the bylaws of every financing bank to the amount of share capital that an individual member can hold, such as would not allow him to earn any substantial sum as dividend. For instance in the Madras Provincial Co-operative Bank no individual member can own more than one share of the value of Rs. 100 which yields Rs. 9 per annum. So there is no capitalistic taint about such share holding and in practice has not been found to militate against sound co-operative principles. Therefore the share holding qualification has not been considered to be objectionable. Indeed encouraging the individual members of the central banks to accumulate share capital by practice of thrift and saving habit is considered to be a sound co-operative practice.

But qualification based upon investing prescribed sums of money in fixed deposits stands on quite a different footing. Though individual members who do not invest a prescribed amount in such deposits may not now be eligible to membership of committees, yet there is nothing in the existing rule to compel financing banks to go in search of such investing members to draft them into the committees. The committees may be wholly composed of individual members who hold prescribed number of shares.

The proposed amendment to the rule makes a very wide and drastic departure from the existing practice. It empowers the Registrar to fix the proportion of individual members in such committees who shall hold fixed deposits of a prescribed amount and such proportion shall not be less than 25 per cent of the total individual members in the committee. It may be 50 per cent or 75 per cent at the Registrar's discretion. If the financing bank does not elect to the committee the required proportion of members holding such deposits, the Registrar is empowered to nominate the number required to make up the proportion. In other words it now compels the financing banks to take into their committees a certain number of members holding fixed deposits of the prescribed amount. The fluid character of this class of committee members is however realised, having regard to the proverbially fickle nature of the goddess of wealth, and clause 4 of the draft rule provides for lapses, interim or otherwise, from the standard of wealth prescribed. A committee member who withdraws a portion of his deposit or borrows against it so as to bring down its net value below the prescribed amount for a happy domestic event like a marriage of his daughter may have to face the unhappy situation of being simultaneously ousted from the directorate of his bank to which he is till then considered to be a source of strength and prestige, a process which may involve the loss of his own prestige as a director of a local bank.

The rule if passed will have three effects: 1. it abrogates the by-laws hitherto passed by the general bodies of the financing banks and duly registered under the provisions of Co-operative Societies Act, in so far as such bylaws relate to the constitution of their committees of management, 2. it introduces without even so much as the formality of amending the Co-operative Societies Act, the principle of compulsion negativing the right of the co-operative institutions to settle the composition of their own committees of management and 3. it opens a wide field of nomination by the Registrar to committees of co-operative banks.

We are emphatically opposed to the introduction of compulsion and nomination in this manner by the exercise of rule making power. It may lead to many anamolous and undesirable results. Let us illustrate our point. Suppose under the amended rule three individual members holding deposits to the extent at least of Rs. 5,000 have to be elected to the committee and that there are only three such members. All the three have to be elected or nominated by the Registrar, if they are not elected, even if the general body and the Registrar consider them to be otherwise unfit to discharge the functions of a committee member. In the alternative those places must be kept vacant shutting out capable, honest and desirable share holding members without deposits from those seats. The remedy may thus prove worse than the evil. It may be said that new individuals who can deposit the prescribed amount may be enlisted as members, even if the bank is not in need of additional share capital or the size of the individual membership does not require enlargement. Abuses may arise in such hunt for capitalist members, too patent to require mention. We ask in all humility whether such forced recruitment of capitalist members by the adoption of some devise or other is consistent with any known principle of co-operation.

The explanatory note published along with the amendment states that the suggestion has emanated from the Reserve Bank of India and that the Government do not accept the recommendation of the Madras Committee on Co-operation to the contrary. It is further stated that the Registrar is in agreement with the view taken by the Reserve Bank of India. The note does not say on what grounds the Registrar has chosen to differ from the recommendation of the Committee. In so far as we are privileged to know the reasons which influenced the Reserve Bank to make the suggestions, they seem to be wholly unconvincing and

not founded on facts. The two main objects of the Reserve Bank are stated to be 1. to check over-borrowing by members and 2. to prevent unwarranted leniency in the matter of recovery of dues. A "financing bank" is defined by the Madras Co-operative Societies Act as "a registered society the main object of which is to lend money to other registered societies." So these banks do not directly lend to individuals but only to their affiliated registered societies. There is no evidence to show that the representatives of such member societies in the central (or financing) banks have so far exerted any undue pressure to over lend to the societies which they represent. Moreover the maximum limits of the borrowing power of the societies and that of the individual members thereof are definitely fixed and rigorously adhered to. Defaulting members of societies are disqualified from being eligible to the Panchayats of societies as well as committees of financing banks. The evil of over borrowing by members of societies, if it exists in spite of these safeguards is not one which can be cured by the compulsory introduction of a few depositing members into the committees of financing banks—a few clear drops of capitalism poured into a murky bucket of co-operation. From our experience of nearly two decades of the management of the Madras Provincial Co-operative Bank which is a financing bank within the meaning of this amended rule, we may say that the representatives of Central Banks on the Provincial Bank never exerted any undue pressure to over lend to the banks they represented. Again in regard to leniency in recovery there is no evidence that financing banks have been unduly lenient to their affiliated societies by reason of unhealthy influence exercised by the society representatives in the management of such financing banks. Moreover it is difficult to see how the introduction of a few depositing individual members in the committees of management of financing banks can prevent primary societies from overlending to their members or making them more strict in regard to recovery. The Madras Committee on Co-operation is undoubtedly right in objecting to the proposal firstly on the ground that no occasion has arisen so far for special representation of depositors and secondly on the ground that such a representation will create special or vested interests in central banks.*

Apart from the reasons urged above, we are opposed to the amendment on the broad ground that it is wholly inconsistent with the theory and practice of co-operation to make the wealth of an individual the test of his right to a place on the management of a co-operative society, even if it is required in addition to character and capacity. That is a

*Report of the Committee on Co-operation Madras, p. 221.

purely capitalistic view. Dealing with a somewhat similar proposal some years ago we said:

> "In some provinces the Registrars are proposing to take power to nominate to committees of co-operative institutions some representatives of capitalists with a view to infuse some new blood of *business capacity* into our pale and anaemic committees. This appears to be a fundamentally and radically erroneous step. Capitalism, which has muddled up the affairs of the world or rather created two different worlds, one for the rich and another for the poor, and plunged the latter in the paralysing dread of poverty and want, has no place in co-operation. No capitalist, however well intentioned, can give a right lead to a co-operative institution".†

A Capitalist Co-operator strikes us as a more amazing paradox than a Totalitarian Democrat.

DEBT CONCILIATION ACTS AND CO-OPERATIVE SOCIETIES

We publish in this issue a closely reasoned article on the subject of debt conciliation and co-operation in the Indore state. The writer raises many complicated legal issues on which we do not propose to express any opinion. It is for the Indore Government and the Legislature to deal with them. But in so far as the article deals with the effects of the Debt Conciliation Act on the business of the Co-operative Societies and Central Banks, specially in respect of fresh advances for current agricultural operations and essential domestic needs, the writer raises a question of general importance. Debt Conciliation and Debt Relief Acts in most Provinces and States, in a way, exempt co-operative credit societies (primary and central) from their operation, some by an express provision making the Acts inapplicable altogether to co-operative societies and some by a provision to the effect that the settlements arrived at between the creditor and debtor under the Acts will not affect a co-operative society which is a creditor, except in so far as the Registrar of Co-operative Societies approves or sanctions such settlements under the Acts. But by reason of the inartistic and hurried drafting, the safeguard requiring the Registrar's previous approval in order to make settlements under the Acts binding on co-operative societies is found to be ineffective or illusory on a strict legal interpretation of the actual wording of the Act. In the case of the Indore Debt Conciliation Act, for instance, its beneficial intent to give reasonable

† Economic Problems of Modern India (edited by Prof. Radhakamal Mukerjee and published by Macmillan & Co.,), p. 211

protection to co-operative societies is frustrated mainly by the manner in which the words 'creditor' and 'debt' are defined without a close examination of the extent to which the provisions of the Act will be applicable to co-operative societies and the effect such provisions will have on the normal and legitimate business of co-operative societies.

On a reading together of the relevant provisions of the Debt Conciliation Act and the Co-operative Societies Act of Indore, the following are some of the anamolies which are said to arise: 1. debts of co-operative societies in respect of which an award is obtained under the Co-operative Societies Act are excluded from the operation of the Debt Conciliation Act, while debts in respect of which no such award is obtained fall within the scope of the Act; 2. debts in respect of which a settlement is arrived at between a co-operative society and its debtors come within the jurisdiction of the Registrar who can either approve or disapprove the settlement; but where no such settlement is arrived at and reported and a certificate to that effect by the Debt Conciliation Board has been issued the recovery of such debts, though they may be fresh seasonal advances for current agricultural operations will be stayed or postponed till after the debts in respect of which an agreement has been arrived at are fully recovered, and the Registrar has no jurisdiction to protect the interests of the societies. When the recovery of sums lent even for current agricultural and essential domestic needs is thus held up for years, the co-operative societies will naturally be forced to suspend further financing. We have said enough to show that the writer has made out a *prima facie* case for a fresh examination of the provisions of the Act affecting co-operative societies.

Our attention has also been drawn by other contributors to the pages of the Review to certain unsuspected developments which followed the enactment of Debt Conciliation and Debt Relief measures in some other provinces as well. For instance Sir Madhavarao Deshpande writing on Land Mortgage Banks in the C.P. & Berar said "We may however, console ourselves with the belief that the Debt Conciliation Boards have made a short shift of the responsibilities of Land Mortgage Banks."* Debtors in C.P. and Berar are said to prefer resorting to Debt Conciliation Boards than approaching a Land Mortgage Bank to borrow on favourable terms for discharging a prior debt and that the advent of debt relief courts has, if at all, increased this tendency. This could have been hardly intended when debt relief measures and land mortgage banks were started side by side to relieve indebtedness and to save the debtor from the more serious consequences of debt.

**Indian Co-operative Review*, April-June, 1941, p. 298.

These measures are as much intended for the relief of individual debtors as the improvement of the general agricultural conditions of the provinces by converting, to the extent possible, deficit into surplus economy, by reducing the drain on the agriculturists' income, effecting a saving in interest charges on usurious prior debts and providing productive credit on favourable terms for future operations, which are expected to improve the yield and increase the income from land.

It is now time that a survey of the effects of the Debt Relief Legislation in the provinces and states on rural credit is made by provincial and state governments. There are some materials already available and where practicable intensive surveys of selected villages may be made to collect reliable information on the subject. There are some ways in which the legislative sub-committee of the two All India Associations appointed at the Bombay session in January last may make itself useful in this connection. With the aid of its widely distributed members, it may endeavour to collect such information as it can about the nature and scope of the various Debt Relief Acts in force in their respective areas, their working as reported by official and non-official agencies and the reactions of those measures on the operations of the co-operative credit societies and money lenders. The Associations may also institute a few prizes for approved essays on the subject by competent research workers. We recognise that sporadic piecemeal legislation to mitigate the more pressing social and agrarian disabilities under which the villagers now labour is not an entirely satisfactory mode of dealing with the problem affecting the life of the villager, which must be tackled as an entire whole as the Royal Commission on Agriculture has rightly pointed out. Nevertheless, in the present political and economic conditions of the provinces and states an all-front attack on the rural problem is not possible. Urgent problems like debt relief, provision for productive rural credit and co-operative organisation of our members for production and marketing of agricultural products cannot wait till we are able to launch such a comprehensive scheme.

WEAVERS' SOCIETIES IN MADRAS

BY

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The weavers' society is a type of industrial producers' organisation which is not common in countries co-operatively advanced. In the early days of the movement in Europe, associations of industrial workers sprang up in large numbers for co-operative production even more than for consumption; but they were all of the Self-Governing Workshop type. The workers were not independent producers, each working in his own cottage. They were all willing to work together under one roof or in one establishment pooling their resources, personal and material, and producing goods for sale to the public at a profit, with a management elected and removable by themselves. It is this type of society which received the help and the blessings of intellectuals like Charles Kingsley and John Stuart Mill. But though thousands of attempts were made only a few have survived, notably in England and France. Failure has been ascribed to the workers' conservatism, lack of discipline, insufficient equipment and more than all to the want of a guaranteed market. Hence several societies in England have had to link themselves with consumers' stores, which often finance them and take a share in their management. The French societies were patronised by the State and the municipalities by means of subventions, cheap credit, easier terms of contract and frequent payment for work. Though the scale of operations of these industrial producers' societies was comparatively smaller than that of many private or joint-stock concerns, they all carried on production in factories or big workshops and their aim was not to foster home industries carried on by individuals or families in isolated cottages. It is in this respect that our weavers' societies are fundamentally different.

The sponsors of our weavers' societies have had a profound faith in the survival of small units in industry which, in their view, should be associated for credit and for supply of raw materials and equipment and for sale of finished products; but so far as production is concerned it could and should be managed by workers each in his own house with the help of his family. They are not in general dismayed by the growing competition of large scale factory industry in one line after another.

A few fear the inevitability of capitulation; many ignore the signs of deterioration and some of the champions suggest all sorts of props for keeping alive not only the co-operative societies but the whole handloom industry.[1] The chances of economic survival of small units in weaving have not been studied closely and without prejudice or sentiment. Changes in views and in policy governing the conduct of weavers' societies may be seen from the following excerpts from the reports of Registrars of Co-operative Societies and findings of Committees of Enquiry.

I. Early Expectations and Disappointments, 1905-35

In the Madras Presidency weavers' societies began to be organised very early after the Co-operative Credit societies Act was passed. The condition of weavers is said to have been "carefully studied" in a number of weaving centres; but we do not know whether this was done before or after the societies were registered. The first Registrar of Co-operative Societies, by no means a pessimist, expressed his disgust at the conduct of weavers who were members of a Co-operative Union. "They go to the middlemen when trade is brisk and come to the Union when trade is slack. They are a hopeless lot and I cannot help feeling that the time and energy spent in reclaiming them is spent in vain."[2]

The Maclagan Committee blessed the urban credit societies for weavers and other poor castes and pleaded for help and guidance by a philanthropic agency in their early stages, believing that they were "amenable to co-operative ideas and anxious to learn" and "generally most punctual and honest repayers."[3] That this was far too generous an estimate of weavers was proved by the experience of the working of credit as well as purchase and sale societies later on. But in spite of failures, Mr. F. R. Hemingway expressed his faith in co-operation for the regeneration of the handloom industry. "There must be room for a very great improvement in the economic condition of the weavers, if co-operative organisation can be formed. Careful and cool study of these trades will be necessary. But the thing can be done and there is no extravagant fancy in the mental picture of a net work of weaving societies throughout the Presidency, organised into central and wholesale societies which are closely in touch with yarn and cloth trade, can get the weaver his yarn cheap, can advise him as what to weave and can sell his cloth for him."[4] At a Departmental Conference of co-operative officials held in October 1922, it was pointed out that weavers' societies failed because (1) they were too weak financially and otherwise to meet the competition of individuals and firms established in the trade, (2) the fluctuations in yarn prices were too wide to secure the steady loyalty of members, and (3) there was difficulty in the marketing of finished goods.[5] The suggestion was to form strong central societies in the chief weaving centres with yarn and cloth dealers as well as local primary societies of weavers as members, and to permit the sale of yarn etc. to non-members which would disarm the hostility of local yarn dealers.[6]

This desire to enlist the sympathy of vested interests, particularly the master-weavers and the yarn and cloth dealers, has long persisted in the schemes formulated to reorganise and strengthen the co-operative societies for weavers, in spite of the often pronounced and ever insidious attempts made by these 'well-wishers' to arrest the progress of societies, if not to wreck them altogether which the poorer members, knowingly or unknowingly, abetted. The pathetic dependence of the working weaver on master-weavers and merchants for the supply of yarn and credit and the sale of woven goods has been recounted in several annual reports. The hostility of this class to co-operative societies of every type—credit, purchase, production and sale—has been proved to the hilt. And yet the Textile Expert to the Government of Madras, after referring to "the malpractices of rich members, in many cases well-to-do weaver-merchants," suggested, in his memorandum to the Textile Committee of the Madras Legislative Council in 1928, that rich weavers should be induced to take shares "by guaranteeing payment of a reasonable dividend so that they may release the poor weavers employed by them to work in the society."[7] The master-weavers are too shrewd to succumb to this bait and release their hold on workers for a dividend, which may be reasonable from the co-operative point of view but contemptible according to their own standard. The Special Officer who surveyed cottage industries in the Madras Presidency in 1927-28 likewise stated that unless the sympathy of master-weavers and sowcars

1. For instance, the latest Committee on Co-operation in Madras (1939-40) recommends restriction of production of mill cloth by fixing quota or otherwise, cess on the sale of mill cloth, increase of license fee on mill cloth dealers, differential freight rates for transport of mill and hand-made products—apart from continuation and increase of subsidy, etc., for weavers' societies.
2. Report on the Working of Co-operative Societies for 1906-07, p. 3.
3. Report of the Committee on Co-operation in India (1915), p. 12.
4. The Madras Co-operative Manual, 1st edition (1921), p. 30.
5. K. S. Venkataraman, "The Handloom Industry in South India," p. 122.
6. Report on the Working of Co-operative Societies for 1921-22, p. 17.
7. K. S. Venkataraman, "The Handloom Industry in South India," p. 111.

"the class of people that are antagonistic to the progress of workers" was enlisted for the movement, it could not make any substantial progress. He wanted also outsiders with education and influence, who were well-wishers of weavers, to be admitted into societies so that "they might persuade master-weavers and sowcars not to stand in the way of progress."[8] How could this naive suggestion be taken up in the face of the indisputable fact cited in the official manual that "Attempts made in very many places to start societies failed on account of the opposition of master-weavers"? Societies could not be started in a number of important weaving centres for a long time for the same reason. The master-weavers feared that their business would be gone.[9]

The Townsend Committee on Co-operation found that "the help given by the co-operative movement to weavers so far (1928) is negligible; most of the weavers' societies are doing little, if any, work." Yet they felt certain that some of the troubles of weavers could be lessened by the application of co-operative methods. They thought that marketing was the crux of the problem and recommended the appointment of a textile expert under the Registrar to study markets, assist weavers in getting cheap yarn and to dispose of their manufactured goods—in which "the aid of the Triplicane or other large store might well be invoked."[10]

The Madras Banking Enquiry Committee in 1929-30 went into this question of co-operation for weavers at greater length and laid bare the weakness of the weavers' position. In spite of repeated attempts at reform and development, by way of supply of credit and raw materials and of the disposal of goods, the results were not commensurate with the efforts. The poor ill-nourished weaver was himself the greatest obstacle to the progress of the society. He indulged in drink and debt in spite of (or because of) low wages and irregular employment. He was often so indebted that he was not free to sell and buy on his own account. Such prior debt could not be cleared on any system. The depressing conclusion was: "there seems to be no escape from the system for a large number who are indebted to their masters save through migration or the bankruptcy court" and "it is beyond the power of any co-operative organisation to help them so long as they remain bound to the master." The weavers who were not so bound were in a minority and as long

8. D. Narayana Rao. Report on the Survey of Cottage Industries in Madras (1928), p. 46.

9. The Madras Co-operative Manual, 2nd edition (1930), pp. 86-7.

10. Report of the Committee on Co-operation in Madras (1929), pp. 56-7.

as the cost of production of handwoven goods was not reduced to the level of mill cloth it would be difficult to market co-operatively except a limited range of woven goods. The cost of production was indeed reduced by master-weavers cutting the wages of dependent weavers, while the latter and the independent weavers too tampered with the texture of the cloth. This is a trick to which societies could not resort. But neither the simple rustic nor the urban patriot would buy the better but slightly higher priced articles of the societies.[11]

Thirty years of departmental effort and the zeal and self-sacrifice of well-wishers like the late P. Ramachandra Sastry of Conjeevaram and Mrs. Todd at Salem could not add any appreciable strength to this branch of co-operation in the Province. The rank and file of weavers felt little interest in the movement, and were at best passive members without any will to improve their lot by working for the society through thick and thin. The exploiting elements continued to get into the managing bodies and take for themselves the bulk of the loans or the major portion of raw materials, leaving the poorer members to shift for themselves. Unfortunately no disinterested leader in the weaving community was found fit enough to manage even a simple society. There were a few well-meaning outsiders in the management, but they would not take the trouble to learn enough of the technique of production or of methods of business. The Government was for some years playing with the idea of engaging a single textile expert, or a mere co-operative inspector trained for a short period in Industries Department "to rehabilitate the weavers' societies on up-to-date lines."[12] Most of the societies were dormant, and all the rest put together did business on an insignificant scale. The best society could attract only 15 per cent of the local weavers as members. There were no doubt complaints about the rigidity and dilatoriness of financing institutions in granting credit to societies on the one hand and of the inability of isolated efforts to find good markets for the products turned out by members of credit and purchase and sale societies on the other hand. Credit societies, the largest in number of weavers' societies, only occasionally helped joint purchase and sale and did not interest themselves in production. A few of the purchase and sale societies were doing well for a time, but they sustained heavy losses due to fluctuations in the yarn prices. A few production and sale societies, where the risks of production were taken up by the societies, but weaving was carried on at home by weaver-members,

11. The Madras Provincial Banking Enquiry Committee Report (1930), pp. 133-37.

12. Report on the Working of Co-operative Societies for 1925-26, p. 38.

were conspicuous by their failure. Prior to the reorganisation of societies in 1935 all types of societies had transactions all told—credit, purchase, production and sale—amounting to Rs. 5 lakhs, while the value of all woven goods produced and sold in a year in the Province was estimated at Rs. 5 crores.[13]

The Economic Depression began to work havoc on handloom industry especially as the competition of mill made goods grew more severe, thanks to the protective duties levied on the import of foreign yarn into India. There was an agitation for some form of State aid to handloom industry and the Government of India resolved to grant Rs. 5 lakhs per annum from out of the proceeds of the new import duty on yarn. An Industries Conference was held at Simla in July 1934, where the principal subject discussed was: How far co-operative movement could be utilised in saving handloom industry. Unfortunately it was a conference to which Ministers and Directors of Industries were invited and not Registrars of Co-operative Societies or non-official co-operative leaders. Bitter and loud were the complaints made against weavers' societies in province after province. Most of the Directors of Industries and other officials would have nothing to do with co-operative societies for weavers, but favoured contractors and master-weavers as the agency for improving production and trade in handloom goods. One serious charge was that societies would not deliver goods in time, and when they did the goods were not uniform in quality nor in accordance with specifications. Everywhere societies were small in number and operated on a very small scale. There was no attempt at economic preparation of warps or the finishing of goods by machinery to compete with mill-goods. The weaver was sunk in debt, and without a debt relief measure he could not be a loyal co-operator. Graver abuses were alleged. The Madras view was that no more progress was likely without the establishment of a provincial co-operative marketing society for weavers, which alone could properly plan production and sale of goods. The Chairman, Sir Frank Noyce, concluded by saying that co-operation had been distinctly disappointing. Still the scheme to push through development of handloom weaving by co-operative means was vigorously taken up.[14]

II. Reorganisation and Development, 1935-41

It is the Government of India Subvention Scheme, introduced in the year 1935, that has brought about something more than the renascence of weavers' societies in the Madras Presidency. Societies which are almost all affiliated to the new Provincial Handloom Weavers Society are increasing in number, extending in jurisdiction, enrolling more and more of the working weavers, helping the purchase of large quantities of yarn at cheaper prices, engaging the members on their looms at better wages and steadier work, improving methods of production and above all disposing of the goods woven by members. The Provincial Handloom Weavers' Society administers the scheme, as it receives the entire annual subvention of about Rs. 70,000 on an average. It shoulders most of the organisational work, supplies or arranges for finance needed by primary societies, arranges for the supply of yarn from mills at wholesale prices to the societies on its own guarantee, has opened a dyeing factory recently at Madura and proposes to open three more factories in other centres for the supply of dyed yarn to members of societies, sends round its designers to suggest new patterns for weaving, has engaged a number of marketing officers to popularise the goods of societies in consuming centres, is running two sales emporiums in Madras city and six others in mofussil towns and pushing the sales of goods through co-operative credit societies and stores and is doing a lot of propaganda for the sale of societies' products. The administration reports of the Provincial Society for the last five years disclose, on the whole, a very heartening state of affairs, a pace of progress which must be an agreeable surprise to co-operators who have been accustomed to hear only of slow progress, if at all, and have been more often vexed by the doleful tale of failures and disasters in spite of doles and other forms of aid given by the State to such societies.

There were only 40 weavers' societies in the Presidency when reorganisation was taken up in 1935. Almost all of them were merely credit societies. Only two—one at Salem, the other at Coimbatore—carried on production and sale and that too on the strength of a subsidy given by the Government of Madras and the adventitious help they received from a Collector's wife and a Collector who took up the cause of the depressed weavers. The number of societies increased steadily by 50 per cent every year in the first four years, and in the last co-operative year ending 30th June 1941 it was 181. The strength of weaver-members of the societies rose from 2,540 to 12,840 in the same period. There are at present 6,000 looms at work in the societies. The paid-up share capital of societies rose from about Rs. 40,000 to Rs. 1,48,000. The progress in the sale of finished goods was even faster. It was just a lakh of rupees in 1935-36, while in 1940-41 it exceeded Rs. 12 lakhs. The profits of societies working at a profit increased from Rs. 2,320 to Rs. 34,320, but the losses of certain societies

13. K. S. Venkataraman, "The Handloom Industry in South India," p. 108.
14. Proceedings of the Sixth Industries Conference, 1934, pp. 101-10.

have also increased—from Rs. 7,000 to Rs. 33,600. It must be stated, however, that of this big sum nearly half was of two big societies, one of which had sustained a heavy loss in doing bad business in Northern India and the other was ruined by the defalcation of funds by a manager. The Provincial Handloom Weavers' society claims that members of primary societies receive better wages than what master-weavers generally pay, though on exceptional occasions to meet a big and sudden demand the latter may raise wages for a while. The more important benefit conferred by the co-operative system is that even at slack times it is open to a member to go to the society, get a supply of yarn, weave it and deliver the cloth to the society and claim his wage for weaving, while the master-weaver may not care to engage any one at such time or engage only at a very low wage.

In this connection it must be noted that the nature of help rendered by weavers' societies to members since the reorganisation in 1935 is different from the earlier one. Every member is paid a wage for weaving the yarn supplied to him by the society which takes the risks of investment in yarn and in sale of goods. These risks are not to be borne by individual members, though they are entitled to share in profits later on. Formerly most of the members of societies were treated as independent weavers and were supplied with yarn, and very often with cash for the purchase of yarn, and there was no supervision worth mentioning over the use of cash or yarn and its disposal, with the result that default in repayment of dues was too common. The society now takes the place of the master-weaver without his exploitation. The loss of the so-called independence of weavers in production and sale is but illusory. For such weavers were always in a minority and their earnings were seldom appreciably larger than of dependent workers for all the time, trouble and risk they had to take in buying and selling. The weavers' societies at present do not get finance for any other purpose than production; in their turn they purchase and supply yarn and pay wages and meet incidental charges but do not attempt to clear off any prior debts of weavers or meet their credit needs for maintenance of families, much less for any ceremonial expenses. It is this that prevents many workers who are already heavily indebted, and therefore tied to master-weavers, from joining any society, or if they join from being loyal members. But this unpopularity is the price that societies have to pay for financial safety and integrity and the discharge of their responsibility to the financing bank or the Provincial Weavers' Society.

It would be impossible for the primary societies, with the kind of security they are able to offer and the composition of members who are too poor to subscribe sufficient share capital, to secure the credit necessary for working the loans by buying yarn and paying wages, but for the good offices of the Registrar of Co-operative Societies and the efforts of the Provincial Society. The latter cannot indeed finance except to a very small extent, from out of the small share capital and the modest resources placed at its disposal by the Government of India and the loans now granted by the Provincial Co-operative Bank. It confines its loans to the new and young societies, to none of which it lends by way of cash credit more than Rs. 1,000, besides paying a monthly subsidy up to Rs. 60 for establishment maintained by societies. But the District Central Banks have been persuaded by the Registrar to grant loans to societies in their jurisdiction, which are working satisfactorily, to the extent of 5 to 8 times of societies' owned funds (i.e. paid-up share capital plus reserve fund). This is indeed a generous help, considering the nature of security that the floating assets of societies offer. The Provincial Society renders a greater service in arranging with some of the cotton mills of South India for the supply of yarn of various counts at current wholesale prices to the affiliated societies on its own guarantee. But as current mill prices are not always advantageous on account of the forward contract system which enables some local yarn merchants to sell at cheaper rates, the Provincial Society proposes to buy itself yarn on forward contract system and stock it in its sale depots at important centres for supply to the affiliated societies. It is only with increasing financial resources and greater stability that this risk could be taken. Meanwhile some societies are permitted to buy their own yarn locally—a privelege which is to some extent abused. The Provincial Society also proposes to stock and sell limited quantities of lace, silk, art silk and mercerised yarn, which some societies require and have been buying locally. It has already opened one dyeing factory and intends to open a few more for supplying reliable dyed yarn, on which much of the reputation of woven goods depends in our country, especially as regards ladies' goods, while the difficulty of securing good dye-stuffs is increasing on account of the war. Even more important is the designing work carried on by the five designers of the Provincial Society, who have visited most of the societies and suggested a large number of new and marketable designs, some of them of mill pattern.

One line of service the Provincial Society undertook—that of finishing and calendering the hand-woven goods, especially shirtings and coatings—by installing a plant at Madras capable of doing 4,500 yards a day has been a great disappointment, as no more than 16,350 yards of cloth were received for such treatment in a whole year from primary societies in the Province, which meant only 4 days of work in the month. Most of the societies in the Province do not produce shirtings and coatings, and there is really no demand for such finishing as regards a variety of indigenous products, dhoties and sarees especially with a mixture of lace and silk. This treatment is resorted to more commonly by the handloom industry in the West Coast whose large output of shirtings etc., is on that account more easily disposed of. Perhaps East Coast societies may take to this line after some time.

The latest and perhaps the greatest service attempted by the Provincial Society is the appointment of 8 marketing officers with business knowledge who are to be in charge of sales of societies' goods at different centres in the Province with jurisdiction over three districts each. Their duties have been prescribed as follows: to study the demand for different varieties of handloom cloth in their areas and regulate production accordingly, getting the help of designers, meeting merchants and institutions for the disposal of goods, studying and preparing standard rates of wages for different varieties of cloth, helping standardisation in production and arranging for the supply of yarn and other raw materials of quality. This is indeed a tall order, and for the multitude of duties prescribed, the remuneration seems inadequate. An additional inducement by way of a small commission on business done may be offered.

It is indeed very creditable that the annual sales of the goods of societies in the Province have already increased twelve-fold in the course of six years after reorganisation, i.e. from Rs. 1 lakh in 1935-36 to Rs. 12 lakhs in 1940-41—a figure which is far in excess of the sales of societies of any other Province in India and perhaps in excess of the total of the sales of all of them put together. There is no doubt that the Government of India Subvention Scheme has been most faithfully and successfully worked in this Presidency.

III. Some Defects in working and their Rectification

The consuming public too, especially members of co-operative institutions, have responded very well. The people of this Presidency have always been better patrons of handloom goods and these are produced here in the largest quantity and of very various patterns, though Madras has only the second largest number of handlooms among the Provinces. The societies' goods, so carefully produced as detailed above, have captured the imagination of consumers, though they are not particularly cheaper than hand-woven goods sold in the bazaar. People do appreciate the guarantee, morally if not legally given, by the Provincial

Handloom Weavers' Society for the goods of affiliated societies in respect of the quality of yarn, dyes, lace, and other materials used, the texture, the measurement, etc. noted on the label. There are, however, lapses here and there. A few societies have used inferior yarn, fleeting colours, and have marked on the label measurements not quite correct. Where these complaints are brought to the notice of the Provincial Society the latter should issue a severe warning and do its best to rectify the defects. For if these persist even in a very small number of societies, it is bound to bring down the reputation of the goods of every society; at any rate merchants will see to it. With a large number of urban buyers, who have a genuine desire to patronise handloom goods, especially of co-operative societies, it is not a slightly higher price but any uncertainty as regards quality that will bring about a revulsion, which it is not easy to eradicate once it gets into the mind. It is up to the marketing officers of the Provincial Society to keep a vigilant eye on the quality of goods turned out by societies.

The price policy pursued by the societies, may be under the instructions of the Provincial Society, is not understandable. The principle of fixing selling price at cost price plus any particular margin of profit for the primary society instead of selling goods at market price, which is the Rochdale rule, is not quite sound and will indeed be found unworkable in practice in the long run. The Provincial Society wants uniformity in the rate of profit to be added to cost price; but it has been issuing instructions from time to time on the rate of profits to be added, which the societies are expected to follow scrupulously. It has indeed been already obliged to allow the labelled prices to be changed according to changes in market price, brought about primarily by the fluctuations in the price of yarn. The excess profits earned in a period of rising prices are expected to be carried over to a Price Fluctuation or Equalisation Fund, to be resorted to when losses are sustained by any fall in prices of cloth. This is really not 'the actual cost price plus margin' principle but 'the cost of replacement plus margin,' which is nearer 'the sale at market price' principle. Why not make an avowal of this latter principle and instruct marketing officers to fix selling prices according to the ruling market prices in the locality? The practice so far followed of charging a definite margin over actual cost price has indeed served as an opportunity for shrewd merchants to take advantage of lower prices in the societies and buy their goods and sell them in the local or distant markets at higher prices ruling there. Surely these fair-weather friends will not patronise the societies at a time of falling prices, unless the societies bring down the labelled prices lower still. On the other hand co-operative stores and credit societies who undertake to sell the goods of weavers' societies at prices labelled by the latter are obliged to sell them only at those rates—which sometimes vary because they were supplied at different times—and forego the profits that would accrue if they were allowed to sell at the higher market prices, while at a time of falling prices they would be left with the goods unsold. Sale at current market price will be, as in the case of Rochdale stores, a sound rule for all societies though it means some risk. It will, for one thing, remove the absurdity of selling the same weavers' societies goods at different rates, because they were supplied at different times and will also deprive the merchants of the opportunity to exploit the rigid rule of sale at cost price.

It is perhaps difficult to allow the rule of sale at market price by the selling societies when they undertake to sell only on consignment basis and remit cash for goods sold and have the right to return the unsold goods within three months. How this consignment system has worked may be noted in the report of an *ad hoc* committee of the Executive Committee of the Provincial Society: "The present method of sale on a consignment basis has in several cases proved to be extremely unsatisfactory. The indenting institutions place their orders without a due sense of responsibility, merely because there is no obligation on their part to sell the goods indented......the goods are often unnecessarily retained for long periods and returned in a damaged condition with the result that societies have been put to heavy loss." Further prices fluctuate between the time of production and sale of goods which, it is admitted, has adversely affected weavers' societies.

There is one further hardship that these societies have been put to, which the writer of this paper has heard from some of them, and that is due to the bane of credit sales that the sales emporiums and the co-operative institutions have encouraged among buyers of goods. The producers' societies consisting of poor wage-earners do not receive the proceeds of sales for months together due to the three months' credit given by the above selling agencies to buyers who are far better-off and do not deserve the long credit. At any rate the co-operative credit societies attached to offices, banks, firms, etc., which undertake to pay the sale price on behalf of the buyers who are its members, should be asked to pay within a month in one lump sum, instead of the three instalments extending over 3 months, though they may recover these dues from members in any number of instalments they like. A curious and ingenious development of this system of issuing credit slips by the above credit societies to their members for buying up to a specified value the goods they want in sales emporiums is that these slips are sold away at a discount by impecunious members, or the goods are purchased and sold away at lower prices; for the need for cash is so urgent.

This is but a repetition of an abuse which was rampant among improvident and intemperate members of a big railway "co-operative" society at Madras, which has since been closed.

The Triplicane Urban Co-operative Society has for two years now been dealing in piecegoods, mostly hand-woven all of which were products of the weavers' societies, but supplied at first through the Provincial Handloom Weavers' Society and latterly by the primary societies themselves directly. As long as the T. U. C. S. was buying and selling on 3 months' consignment basis, the supply was slow and hesitant and the goods most in demand were often not sent at all or despatched in time. Now that the T.U.C.S. has gained some experience and is confident of selling certain lines of goods demanded by its members, it has taken courage to purchase outright, and pay by cheque soon after goods are received and checked according to invoice. The weavers' societies are at present eager to supply goods to the T.U.C.S., for they get cash quickly and do not dread the return of unsold goods in a damaged condition long after their despatch. No appreciable concession is shown for cash purchases, but societies are anxious to please a customer like the T.U.C.S.; and the latter has in its turn been selling to its members only for cash. The business done by the T.U.C.S. in piecegoods was rather poor till this system of outright purchase began last June. Since then sales have been mounting up and in less than four months sales have totalled Rs. 10,000—which is more than what most sales emporiums have been able to command even by selling on credit. There is no doubt that the members of this premier consumers' society will patronise the goods of handloom weavers' societies more and more in the months to come, provided some more capital is invested by the management in this line and quicker supply is forthcoming from the primary societies under the guidance and fostering care of the Provincial Society and the Department of Co-operation.

Some old well-established and a number of new stores in the mofussil may likewise encourage these co-operative handloom products and sell them for cash to members at market price and remit the proceeds at once to weavers' societies or the Provincial Society, even if they cannot afford to purchase goods outright. It is only with such encouragement by all the consumers' societies in the Presidency and the Local Bodies (which are in fact obligatory consumers' associations) that the need to seek the help of merchants, which the Provincial Society is contemplating, will be obviated. It may be difficult, and it may take more time, to build up societies of petty producers; but it cannot be so difficult to rouse the comparatively better-off and more cultured members of urban consumers' and credit societies to a sense of their duty towards organisations of poor producers, as long as these are worked on satisfactory lines and the products turned out are guaranteed and not too costly. The present is indeed a very propitious time when mill goods are selling at almost the same, if not a slightly higher, price than handloom goods; for the weaving mills seem to be busy catering to, or anxious to cater to, the war requirements. There is of course the difficulty of the supply of yarn, now that imports from Japan are declining and may be cut off entirely. The spinning mills, however, in South India, new as well as old, are increasing their output of yarn and may be depended upon to meet the slowly growing demand of handloom weavers.

IV. The Leeway to make up and the Future

Though the progress of weavers' societies in Madras in the last six years has been very remarkable, and unparalleled in India, it is necessary to note that there is still much leeway to make up. There are at present 181 societies. But there are yet 120 weaving centres, with more than 200 looms each, which have no societies. There are a little more than three million looms in the Presidency, but only 6,000 looms have come under the sway of the societies. The number of weavers in the Province is estimated at 1,200,000; but there are only 12,800 members in weavers' societies. The value of all products annually turned out by handlooms in the province was estimated at Rs. 5 crores some years back. It must have surely increased now. The value of hand-woven goods exported from the Madras ports in 1939-40 alone amounted to Rs. 150 lakhs. But the value of finished goods sold by all our weavers' societies in 1939-40 was only Rs. 10 lakhs, and it increased to Rs. 12·8 lakhs in 1940-41. For the number of looms which are said to be in the societies' control, at least Rs. 20 lakhs worth of goods should have been produced; but only 65 per cent of it has been done, because of the idle looms in several societies. We find in the Report of the Provincial Society's *ad hoc* Committee that in 22 societies there were no looms at work at all, and in several societies work was available only for half the month. There were 51 societies which had less than 25 looms each, which is considered the minimum economic unit necessary for running a weavers' society without loss.

The inadequacy of share capital is a fundamental difficulty and this can be raised from poor weavers only in driblets very slowly and by gentle pressure exercised at the time of receipt of wages, and other earnings if any. The admission of master-weavers with a view to get more share capital and swell the transactions is a facile solution; but the temptation must be resisted, as it leads to their domination almost always. They are still to be found on boards of some societies wielding a lot of power, at which even officials have to wink, as in the case of loan and sale societies. Such master-weavers are naturally anxious to keep the societies undeveloped beyond a stage, lest they should be obliged to part with power or suffer in their own business, not a jot of which they would like to sacrifice for the sake of the society. And as long as poor working weavers are indebted to them, and there is no scheme of debt-redemption, it is difficult to expect any great degree of loyalty to the society. Even if some measure of debt relief were passed, provision of credit for the future for consumption as well as for production, limited to emergencies, would be necessary if they should not fall again into the hands of master-weavers. Such credit could be kept up only when the income of the weaver increases by the adoption of technical improvements as well as of better methods of business.

Men belonging to the weaving community and possessing culture and influence, but with no vested interests as master-weavers, should be sought out by all means and vested with power. Such men are rare to get at, and if they come they resent official interference, even as master-weavers do for a different reason. Official intervention should be declared necessary and actually taken up only when the non-official is unable to pull through, and not brought in automatically as soon as the number of looms exceeds a prescribed limit. The young Departmental Inspectors who are in charge of some grown-up societies are not all of the inspiring sort. They are there mostly as watch-dogs to check the vagaries of some members of the Board. They are not, however, to blame if they have been sent out without any training in the technique of production and the power to discriminate between different textures, qualities of yarn, dyes used, etc. They could all have had a short course in the Textile Institute at Madras.

Granting that all that co-operative organisation can do is done, is it certain that the domestic handloom industry plied by one or a few people in every house will survive for long the onslaught of the factory textile industry which is encroaching in one branch after another of what used to be considered in the past the preserve of handlooms, for instance, sarees for ladies in South India ? On the other hand, the demand for certain goods, like fine turban cloths with lace, is very much on the decline in Western India, which used to be the principal market. The weavers affected by this change in demand have shown a surprising adaptability and taken to weaving cotton sarees of finer counts. The handlooms alone can still do certain types of cloths, especially where lace or silk is interwoven, and it is at an advantage where the demand is for a great variety of patterns. On the other hand, organisations like co-operative societies and even big commercial firms would very much like to have some standardisation in goods turned out by handlooms, and if possible check the vagaries of consumers who demand an immense variety. If this succeeds, will not the strength of the single-loom weaver be gone? For standardisation might be more economically achieved by setting up a small number of power looms plied in cottages or workshops with cheap electric power, as in Japan. This is already being attempted in a small way here and there in our Province, and Mysore has taken to it more avidly. Again the system of *Karkhana*, which is really a big workshop where a number of handlooms are fitted up and weavers work under one roof but each on one loom as at home, is spreading fast in the neighbouring province of Bombay and is found to a considerable extent in the Malabar Coast. If either of these systems or both the *Karkhana* and the small power looms should spread because of their economic superiority, notwithstanding the lament of men of goodwill on the loss of independence and craftsmanship which home work is supposed to foster, will not the weavers' societies have to change with the times and reorganize the whole basis of their work and reconstitute themselves on the lines of the famous self-governing workshops of the West? This is a problem which will have to be faced in the not distant future, but it is one which, we believe, the stronger weavers' societies will be able to face with equanimity.

CO-OPERATION AMONG HAND-LOOM WEAVERS IN BOMBAY

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The Hand-loom Weaving Industry occupies a place of importance and usefulness, second only to that of agriculture. It is the primary means of livelihood of a large number of persons. It is important both as an urban and rural industry giving employment to millions of men, women and chidren, of all communities. The term, 'Hand-loom Weaving' has a wide connotation. It comprises of weaving of fabrics of cotton, silk, wool, coir, sisal, hemp, ambadi, jute, cane, bamboo and cora-grass and weaving in each of them obtaining in such areas as there are natural facilities.

In the Bombay Province, jute and cora-grass are not woven. Cotton textile industry is one of the three main human physical needs, i.e., food, clothing and shelter. Cotton is the natural clothing of the people of India. It is light, cool, and best suited to the tropical climate. It is estimated that the use of cotton cloth is in proportion of 30 to 1 of other textiles of rayon, silk and wool. Cotton weaving, therefore, plays the same part in the Indian industrial system as the woollen industry does in England. Next comes silk weaving as a cottage industry. Silk is locally available. Besides, the use of silk and silk cloth is decreed by Indian customs—Hindus and Muslims—on religious and ceremonial occasions.

In the year 1909, there were, in the Bombay Province, about 9,00,000 people engaged in the industry and about 8,87,000 in the hand-weaving of cloth with cotton, silk, gold-thread, and wool. There were about 1,000 hand-weaving centres each of which had looms ranging from 25 to 10,000. The articles produced were chiefly sarees of cotton and of cotton and silk mixed. Purely silk sarees with or without gold-thread borders and with gold-thread designs in the body and headings were being produced in centres like Poona, Yeola, Surat and Ahmedabad. Gold-thread was manufactured at Poona, Yeola and Surat. Other fabrics of silk, i.e., kinkhaubs, shirtings, coatings, etc., were being produced in Ahmedabad, Surat, Belgaum and Guledgud. The wool weavers scattered over the Province were producing

Kambals for the use of agriculturists. In the case of cotton and silk weaving, in the majority of cases the loom used had been throw-shuttle pit loom with 'weighting arrangements' or 'draw-boy system' for producing designs both in the borders, body and heading. The wool weavers were using a most primitive type of loom with single warp system. The weaving of cane and bamboo was being done by hand only. The other fibres, i.e., coir, sisal, etc., were only used in manufacture of ropes, twines, etc., by hand. The Province annually consumed about Rs. 15 crores worth of cloth, of which the hand woven goods were worth Rs. 4 crores.

The economic status of the hand-loom weavers in this Province, classified in three categories is shown below:—

(1) Nearly 5 per cent of the weavers were master weavers. They did not weave themselves, but they employed labour weavers extending from 20 to 100 on a wage basis.

(2) Nearly 20 per cent of the weavers were weaving their own cloth. They used to get the raw materials, i.e., yarn, etc., on credit from the merchants, who used to purchase their finished cloth.

(3) Nearly 75 per cent of the weavers worked in the bondage of the local *saukars*. In addition to the competition from the mills, the competition from single powerloom-units and small scale weaving factories, has become serious for the handloom industry in recent times.

After the passing of the Co-operative Societies' Act in the year 1904, Government ordered, in the year 1909, the survey of the hand-loom weaving industry in this Province by Mr. P. N. Mehta. Acting upon his recommendations, Government created, in the year 1910, a post of the Weaving Expert Assistant to the Registrar, Co-operative Societies, and approved the appointment of the then Head of the Textile Department of the V. J. Technical Institute, acting as "Consulting Expert." In the year 1913, Government sanctioned the continuation of the post of the Weaving Expert Assistant created in the year 1910, and created two new posts of the Weaving Expert Assistants to the Registrar, Co-operative Societies. One Weaving Expert Assistant was placed in charge of the supervision of the demonstrations of improved appliances and tools; the other for supervising the hand-weaving schools; and the third for organising and developing co-operative societies among the handloom weavers. In the year 1915, Government created a post of the Inspector, Weavers' Co-operative Societies, for the Southern Division. This arrangement continued till March 1919, when the Department of Industries was

created by Government. Two Weaving Expert Assistants in charge of the hand-weaving demonstrations and schools were then transferred to the Department of Industries, and one Weaving Expert Assistant and the Inspector, Weavers Co-operative Societies, S.D., were retained in the Co-operative Department with their designations changed to the 'Inspector' and the 'Assistant Weaving Inspector, S.D., respectively for organising and developing weavers' co-operative societies.

During the period of 1910 to 1919, a number of fly-shuttle looms were introduced together with simple dobbies at various important hand weaving centres in the Province. The weavers attending the demonstrations and schools were taught the production of different types of goods, such as coatings, shirtings, chaddars, towels, etc., in addition to the production of the local type of goods with the improved appliances and tools.

With the object of eliminating the middleman, who dominated the hand weaving industry, and of bringing the prime producer into direct touch with the ultimate consumer, co-operative societies were organised among the hand-loom weavers with the following objects:— (1) To grant cash advances to weavers; (2) To purchase raw materials at wholesale rates and retail the same to weavers; (3) To purchase improved appliances and tools and sell the same at cash or on hire-purchase system to weaver members; (4) To grant advances to members on the security of cloth woven by them; and (5) To open a shop in the bazaar in which the members' produce is purchased and sold to the public and merchants.

In consonance with these objects, it was thought desirable that these societies should expand their activities and business in the following manner:—

(1) In the first instance, a society should conform itself only to credit business. With the advance obtained from such a society, a weaver member was at liberty to buy his yarn from any shop, and after selling the finished articles at reasonable price, was to pay back the advance in easy instalments, spread over not exceeding three months.

(2) As soon as sufficient experience was gained, a society, as the next step in its development, should undertake the wholesale purchase of yarn and other raw materials and retail the same either for cash or on credit of not exceeding three months to its members.

the second step and a society possessed sufficient funds, it should begin

(3) When it was found that sufficient experience was gained in

to make advances to its members against the pledge of their finished produce in the dull season. The advances thus made were to be partly in cash and partly in the form of raw materials.

(4) And the last stage was to be reached by a society, with the opening of a regular shop in the bazaar at which the members' cloth was to be sold to the public and merchants.

The societies formed were of unlimited liability. The capital was collected by fixed deposits of five years. Government made a loan to these weavers' societies. In each case the amount of loan given was not to exceed Rs. 2,000, to be free of interest for the first three years, and thereafter was to be paid at 6¼ per cent interest, per annum within 10 to 20 years, by annual equated instalments. After paying all the interest due on the borrowed capital and all the working expenses from the gross profit earned during the year, one-fourth of the net profit was to be carried to reserve fund and half of the remainder was to be distributed to members in the form of bonus *pro rata* of their business in raw materials and finished articles with their society.

The co-operative system of finance thus organised offered the following advantages to the weavers: (1) low rate of interest, i.e., at 9 per cent per annum against that of 12 to 15 per cent of the local Saukars; (2) raw materials at cheaper rates; (3) facility to store the finished articles in the off-season and thus to get better prices in the season; (4) purchasing the raw materials at wholesale rates and in quantities; and (5) selling the finished goods wholesale and in retail to the ultimate consumer without the intervention of middlemen.

In the year 1916-17, due to disparity in the rates of raw materials and those of the finished goods as a result of the then war conditions, Government had arranged to distribute rebate on the purchases of raw materials to the members of the weavers' co-operative societies. In the year 1918-19, a union of the weavers' co-operative societies in the Southern Division was started with its headquarters at Hubli, with the object of purchasing wholesale the raw materials and distributing the same to the affiliated societies, and of arranging for the sale of the finished articles of the members of the affiliated societies. This Union got a loan of Rs. 10,000 from Government at 5 per cent interest. In the year 1920-21, another Union of the weavers' co-operative societies in the Sholapur District was started with similar aims and objects. In the year 1924-25, a Co-operative Sale and Show Room was started at Poona, with Government subsidy, as an experiment for

two years. The arrangement worked well. In the year 1926-27, arrangements were made to sell the finished articles through the branches of the Bombay Provincial Co-operative Bank and through the District Co-operative Banks. This arrangement also worked well.

In the year 1916-17, there were 29 weavers' co-operative societies in the Bombay Province with a total Membership of 2,260, total working capital of Rs. 1,39,330 and sales in the year to the extent of Rs. 85,000. The markets of the raw materials and finished goods continued to be steady from the year 1918-19 to 1926-27, and this period witnessed the growth of co-operative societies among the weavers. The number of societies rose from 29 to 59, membership from 2,269 to 3,090, the working capital from Rs. 1,39,330 to Rs. 3,34,808 and the sales from Rs. 85,000 to Rs. 2,31,882. The progress thus made by the Co-operative Movement among the hand-loom weavers would have continued either to remain steady or gradually advance further, had the Government not been confronted by hindrances, internal as well as external.

The following were the *internal* difficulties experienced by the weavers' societies in their working:—

(1) In the first stage, though the rate of interest had been at 9 per cent per annum against that of 12 to 15 per cent charged by the Saukars and though the instalments of repayments were easy and spread over for three months, still some members became defaulters. Extension of time granted by the Managing Committee proved abortive.

(2) When the society entered the second stage or received guidance and got sufficient experience in the purchase and sale of raw materials, the master weavers individually undertook the business and became competitors to their own society.

(3) When the society entered the third stage of advancing loans —partly in the form of raw materials and partly in cash—against the pledge of the finished goods during the off-season and when the business was found advantageous, the master weavers undertook the same individually and set up individual competition against their own society.

(4) This Province has got 22 sub-castes of weavers and mutual distrust and jealousy prevails among them. In addition, there is lack of organisation in any sub-caste, and the individuals lack proper outlook and breadth of vision.

(5) Since a middleman had intervened between the prime producer and ultimate consumer, a weaver had become solely so depen-

dent on the Saukars of his place for the sale of his finished produce, that he has lost his initiative to be abreast of the time and thus make the production suit the tastes and requirements of the ultimate consumers. This disability on the part of weavers has not enabled them to adopt themselves to the constant changes in the tastes of the people and varied demands on account of changing fashions from time to time.

(6) Conservatism, stubbornness or obstinacy, which explain lack of proper organisation, prevailing among the weavers, do not permit them to quickly adopt modern methods and employ improved tools and appliances so as to keep their industry a going business with the times. All these causes explain the poor progress made by the weavers' societies and even deterioration in their condition.

The following may be set out as *external* difficulties which have resulted in considerably affecting the vitality of the hand-loom industry as a whole between the period of 1927-28 to 1939-40:—

(1) The markets for the raw and finished goods showed a continuous decline.

(2) The prices of the Japanese double yarn were being quoted near about those of Indian single yarn and the prices of power-looms had also reached their lowest level. The manufacture of sarees and patals produced on handlooms was, therefore, found to be more economical and remunerative with the use of the power-looms. The master and saukar weavers, therefore, established small power-loom factories of 1 to 50 looms and thus became direct competitors to the hand-loom weaving industry.

(3) People are taking to new fashions, and accordingly tastes are daily changing. The hand loom weaver has lost the capability of unending diversification and is, therefore, unable to adopt his production to suit the changes in tastes from time to time. The changes in the tastes have considerably reduced the demand for the long established types of hand-woven cloth.

(4) The application of the Factory Act to the hand-loom weaving industry, dyeing and printing has affected the system of carrying on the industry by groups.

As a result of the above situation (1) the production of fabrics with silk and gold thread has vanished from Poona and Yeola, and of bodice cloth from the Karnatic; and (2) the number of hand-looms which produced sarees for the rural requirements had to be stopped at some centres to the extent of 50 to 75 per cent on account of the competition by the power-looms.

As a consequence of the conditions mentioned above, the movement among the hand-loom weavers had suffered considerably in the period of 1927-28 to 1939-40. At the end of the year 1939-40, the total number of weavers' societies stood at 39 with a total membership at 1,888, working capital of Rs. 1,63,381 and sales aggregating to Rs. 68,446.

In view of the thus declining state of the hand-loom industry, Government of India made subventions to different Provinces. Under the Government of India Scheme for the marketing of hand-loom products, the Cotton Scheme came into force from the year 1935-36. After about two years, the Wool Scheme with subvention from the Government of India was also introduced. The provisions made under both the schemes were as under:—

For carrying out the scheme, District Industrial Co-operative Associations with limited liability were to be organised at the principal hand weaving centres enjoying registration under the Co-operative Societies' Act of the Province. New by-laws were framed with the following principal objects:—

The membership was kept open to individual weavers, weavers' societies, and sympathisers of the industry. To enable as many weavers and others as possible to join the Association the value of each share was kept at Rs. 2. In order that an extremely poor weaver may be able to join the Association, contribution towards share in very small instalments of annas four per month was provided for in the bylaws. To fulfil these objects, each Association was to start a shop at the headquarters of each association, which is either to be a taluka or a district town. Each Association was to obtain advances from a co-operative bank. Each Association was to be directly supervised and managed by the Board of Management formed of 11 Directors consisting of 3 Ex-Officio Directors—(i) Assistant Registrar, Co-operative Societies of the Division; (ii) Marketing Officer, Hand Loom Products and (iii) Weaving Assistant of the Department of Industries of the Division: 2 Nominated—(i) Nominee of the co-operative bank financing the Association; (ii) Nominee of the Joint Board of Co-operation and Industries; 4 to be elected from the individual share holders; and 2 to be nominated by the affiliated weavers' societies.

The Board of Management was to carry out the work under the general control of the Joint Board of Co-operation and Industries formed of the Registrar, Co-operative Societies and the Director of Industries who was also to act as the Administrative Officer of the scheme. The Joint Board was also to be assisted by an Advisory

Board consisting of (1) the Managing Director of the Bombay Provincial Co-operative Bank, (2) Representatives from the cloth trade, and (3) Representatives from the Industrial Associations formed. Under the Wool Scheme the supreme authority is vested in the Director of Industries who is carrying out the scheme through his Wool Expert and the Industrial Associations, agreeing to work out the scheme. Under the Cotton Scheme, there are 9 Industrial Co-operative Associations in the Province at the following centres with their respective areas of operations and the producing centres marked against each.

	Centres.	*Area of operation*	*No. of Producing Centres.*
1.	Ahamadabad ..	Northern Division ..	3
2.	Dhulia ..	East and West Kandesh Districts ..	1
3.	Malegaon ..	Malegaon Taluka ..	..
4.	Yeola ..	Yeola Taluka ..	..
5.	Ahmadnagar ..	Ahamadnagar District ..	3
6.	Sholapur ..	Cholapur District ..	..
7.	Bagalkot ..	Bijapur District ..	4
8.	Hubli ..	Dharwar District ..	..
9.	Belgaum ..	Belgaum District ..	..

The Wool Scheme is being carried out by the Association at Ahmednagar with about 40 producing centres and that at Hubli with about 4 producing centres. Recently, an Association for wool weavers has been organised at Ranebinnur in the Dharwar District.

The principal objects for which these Associations are started have been, in general, to get manufactured goods entirely of different patterns from those that were being produced before, by a majority of weavers. Under the Cotton Scheme, dhoties, shirtings, coatings, towels, chaddars, counterpans, sheetings, furnishing materials, etc., were directed to be produced. In doing so, both the objects, such as educating the weavers in the production of new types of cloth on commercial scale and selling the same as well as reducing the bulk of the production of the local types of cloth were fulfilled. The latter has, in addition, resulted in securing better rates for the local types of goods owing to reduction both in the production and supply, both in qualities and quantities. Thus the indirect advantages of these Associations were also felt, as non-member weavers of the Association concerned could take advantage of the better demand from the market for their own products.

Under the Wool Scheme, the weavers have been taught the scientific methods of (1) sorting and grading the wool, (2) blending and mixing the wool, (3) opening, oiling and carding the wool, (4) spinning even yarn on the improved spinning wheel, (5) preparing the warp and sizing the same, (6) weaving designed blankets, and (7) finishing the goods produced. In addition to the above, the manufacture of full-wool goods such as shawls, flannels, etc., and half-wool goods such as trouser-cloth, shirtings, coatings, etc., is being taught and got done on a commercial basis both from the cotton and wool weavers in the Province.

With the help of Government subsidy, the Association at Ahmednagar has started a well-equipped dye-house wherein the Finishing and Raising Machinery for the woollens has been set up and where dyeing and printing are done both for the requirements of the Association and Sister Associations, if so required by them, and for the non-member weavers. A similar dye-house on a small scale has been started by the Yeola Industrial Association for its own requirements.

As a result of the co-ordination of efforts of both the Co-operative and Industries Departments in improving the working and prospects of these Associations, the Hand-Loom Industry in the Province, as a whole, received a great fillip in that these Associations could secure the orders of Government for the supply of the following types of goods :—

COTTON SCHEME			Rs.
Sholapur Association			10,272
White Drills, 18,000 Yards	..	6,750	
Blue Stripped, 2,000 Yards	..	1,000	
Pugree Cloth, 1,562 pieces	..	2,522	
Malegaon Association			
18,000 Yards, White Drill	..	6,750	6,750
Ahamadnagar Association			
474 Yards, Cotton Drill	..	192	192
		TOTAL	17,214

WOOL SCHEME

		Rs.
Woollen yarns for jails 35,230 lbs. for jails.		32,068
Woollen Blankets for the Army Nos. 43,000	..	2,96,500
TOTAL	..	3,28,568

The orders are distributed among the Associations at Ahmednagar and Hubli. The supply of the orders under the Cotton and Wool Scheme is in progress. The progress made by the 9 Industrial Co-operative Associations in their work for cotton hand weavers for the year 1940-41 could be seen in that the total working capital stood at Rs. 1,07,676 and the sales aggregated to Rs. 1,88,796.

In the course of the year 1940-41, a sales depot for the cottage and small scale industries had been established at Bombay by the Department of Industries. The depot sells products of cottage and small scale industries. Its largest single department is, of course that of hand woven fabrics which it stocks and sells on behalf of the Industrial Associations referred to above.

If a comparative view of the position of the Hand Weaving Industry in the Province as it stood in the year 1910 and in the year 1941 is taken, it will be found that the Co-operative Movement has brought about the following improvement in the industry as a whole in spite of serious difficulties mentioned above.

(1) Nearly 75 per cent of the weavers are using improved tools and appliances.

(2) The weavers or their organisations have been enabled to produce and sell such qualities of cloth, which were considered in the past, the sole monopoly of the mills or power looms,

(3) The wool weavers have learnt the improved methods of preliminary operations, the use of fly shuttle looms, and the processes of finishing,

(4) The coir spinners and weavers have organised themselves into a co-operative society in the year 1939-40 in the North Kanara District.

(5) As a result of the continuous efforts, the leaders among the weavers are gradually coming round to volunteer to take leading part in the institutions formed for the benefit of weavers shaking their lethargy.

(6) The Co-operative Movement has served another useful purpose of awakening among the weavers a spirit of unity and sense of dissatisfaction with their present condition, which have reflected in the formation of associations or sanghs of weavers at the prominent centres in the Province to represent their grievances to Government and to get them registered in time.

It is hoped that the decadent industry would, in future, be set on its legs with the continuous help and sympathy from Government and disinterested attempts of the non-official public workers in the Province.

WEAVERS' CO-OPERATIVE SOCIETIES IN UNITED PROVINCES

By

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Before dealing with the working of weavers' co-operative societies, it might be interesting to note that in the early stages of the organisation of co-operative credit societies under Act X of 1904, a few weavers had joined one or two urban banks for the purpose of obtaining cheap credit to carry on their business.

Benares Weavers' Co-operative Association.—Benares, with a population of about one lakh of weavers, naturally took the lead in the matter of organising the silk weavers on co-operative lines. The first production and sale society in the province was registered as The Benares Silk Weavers' Co-operative Association in 1906. The objects of the Association were (1) to purchase and sell to the members, at wholesale rates, raw material for the manufacture of Kashi silk and of brocades and other finer qualities; (2) to make advances, free of interest, of raw material and cash to members; (3) to employ members as paid workmen for the Association (to manufacture Kashi silk especially); (4) to purchase from members manufactured articles for the Association; (5) to sell the same at a profit; and (6) to sell on behalf of members, at a commission of one anna in the rupee, cloth deposited with the Association. During the first 15 months ending with 30th June, 1907, the Association purchased raw materials to the value of Rs. 10,920 and sold Rs. 7,620 worth in cash and Rs. 3,300 worth on credit. It also purchased manufactured goods of the value of about Rs. 40,000 and sold off about Rs. 30,000 worth of goods at a profit. The Association earned a net profit of about Rs. 4,000. It leased suitable premises and appointed the sons of three most prominent weavers as salesmen receiving a commission on sales. Steps were also taken to introduce the goods of the Association direct to the European market but the goods supplied were rejected as unsuitable. The business of the Association was steadily increasing but two years later there was some hitch. Party factions and lack of harmony combined with want of sufficient capital to push on the business and the absence of a suitable agency for disposal of goods and advertisement resulted in deterioration. During 1909-10 the

Registrar arranged for deposits but the turnover was slow and sales diminished. The richer members monopolised the benefits and the poorer members were left in the cold. The Great War in 1914-15 dug the grave of the Association. Prices of silk and dyes were prohibitive, and the Association could not sell its goods. It worked at a loss for a few years, and was eventually liquidated. By 1923-24, the primary societies of weavers of Benares were also dead.

In Unao the Miangunj Co-operative Credit Society started in 1907 the business of purchasing raw material on wholesale rates from Cawnpore and selling the same to the weaver-members at cheaper rates than those offered by the local dealers. This provoked the dealers and they entered into competition. At least one useful result of this activity of the credit co-operative society was that weavers, both members and non-members gained in as much as the dealers brought down the prices of raw material to a reasonably low level.

Tanda (Fyzabad) Stores and Weavers' Societies.—In 1909-10 two co-operative yarn stores were organised, one for weavers of Tanda (Fyzabad) and the other for weavers of Sandila (Hardoi). A government grant of Rs. 3,000 was given to each of the two stores. The Tanda Store did not succeed for want of proper supervision and due to the opposition of the richer weavers, whose personal interests clashed. The store was, therefore, replaced by small credit societies and 12 Mohallawar credit societies were formed. A year later, the number of mohallawar credit societies of Tanda increased from 12 to 17, and they were affiliated to a central weavers' society. A feature of the working of these societies was that they advanced loans on the security of cloth to the extent of three-fourths of the price of pledged goods. The pieces of cloth were kept in the custody of the sarpanch and owners were allowed to take them to markets for sale. These societies, however, received a set back from the effects of the Great War in 1914-15, and a few of these were liquidated. The business of advancing loans upto 75 per cent of the value of cloth pledged, however, throve later, and during 1937-38 the total advances in Tanda Stores were Rs. 1,30,000 of which Rs. 1,20,000 had been recovered from the sale of goods. The effects of dismantling the railway line recently are seriously felt and the industry is facing a crisis.

Sandila Stores and Weaving Societies.—The Sandila Stores, which was organised in 1909-10, was the first real distributive co-operative society in the province. In the first year of its working it did a business of over Rs. 18,000 and it became very popular. It had a loan department as well as a sale department. In 1910-11 sales went up to

Rs. 36,200 while in 1918-19 there was a record business of Rs. 1,45,370, a record which has not been beaten so far, by any of the stores in the United Provinces. The credit side of the store was, however, not faring well, and it was decided in 1919-20 to split it up into small mohallawar societies, with a central financing institution and a yarn store. Five small mohallawar societies were accordingly registered in 1920-21. In 1924-25 there was defalcation in accounts and the Sandila Store suffered a loss of over Rs. 19,000; and in 1927-28 the Weaver Central Bank had to be liquidated. In the following year 1928-29, however, a central industrialists' store was again started at Sandila, and a Government loan of Rs. 5,000 was secured. A weavers' co-operative factory was also started. This factory secured orders for the supply of 30,000 yards of jaconet cloth from the Bihar Government and 15,000 yards from the Government Press, Allahabad. In 1938-39 a further order for the supply of one lakh yards of jaconet cloth was received from Bihar Government. Although profits were nominal, the great thing was that the weavers were kept engaged during a period when there were marketing difficulties and undercutting. At the present moment the store is doing good business in the supply of newar for war purposes. Now we will deal with the organisations that sprung up after the enactment of Co-operative Societies Act II of 1912.

Najibabad Blanket Weaving Society.—The Blanket Weavers' Co-operative Society at Najibabad (Bijnor) was the first weavers' store registered under the new Act. It started work on a modest scale but received an impetus in 1915, when there was an unprecedented demand for blankets. The society did excellent business during the next one or two years, but this increased business almost proved to be the undoing of the society later on. When the demand fell and prices went down considerably, the industry received a setback. The business declined and the society suffered losses from year to year until 1936-37, when the Textile Inspector of Co-operative Societies was put in charge of the society and a milling plant was set up. The old stock was disposed of with some loss, and during 1937-38 some 1,500 blankets were milled and finished. Orders for the manufacture of tweed and livery cloth were secured from the Stores Purchase Department of the U. P. Government; and the Government Handloom Emporium also placed an order for shawls. The society was reorganised in 1938-39. The spinning section produced about 10,000 lbs. of woollen yarn and manufactured 1,600 blankets, 250 shawls and 1,000 yards of livery cloth. Sales amounted to over Rs. 12,000 and the society was able to reduce its accumulated losses. The present war has further helped the society to regain its position. A huge supply of blankets has been made

to the Department of War Supplies. During 1939-40, 2,822 blankets were manufactured and about 5,000 were milled and finished. Sales amounted to Rs. 18,600 and the society earned a profit of Rs. 5,369 thereby cutting the net losses to about half.

In 1919-20 an Industrial Inspector of Co-operative Societies was appointed to push on the organisation of societies of weavers and to train the members in new methods and designs. At that time there were in all 20 societies of weavers of cotton fabric, 20 of silk weavers and 2 of blanket weavers. Amongst the central stores there were the Sandila Store and the Tanda Store only. The Benares Weavers' Association was already dead and most of the weavers' societies, which were lifeless, had to be closed a few years later. Efforts were made to organise yarn stores at Mangahre (Saharanpur), Mau (Azamgarh), Gazipur, and stores for gold threads and silk at Benares.

Negotiations with the English whole sale co-operative societies were made with a view to establish direct relation with those societies. Negotiations with Bombay Mills for wholesale purchase of yarn were also undertaken. All these efforts, however, were not very fruitful for one reason or the other. The Government resolution on the Annual Report of Co-operative Societies for 1924-25 might give more or less an accurate idea of the position of weavers' societies generally at that time. The resolution ran: "Weavers' societies are generally a failure." Government was also not satisfied with the general progress of the movement as a whole, and a Committee presided over by Mr. Oakden was appointed to examine the position and make recommendations. Stress was laid on the organisation of production and sale societies for weavers instead of credit societies.

Industrial Co-operative Stores, Agra.—An industrial store was organised at Agra for the weavers and shoe-makers in 1927-28. In the same year, the Mason Industrial Federation at Barabanki was also registered. This institution also was mostly for the benefit of weavers and to a lesser extent for the leather workers. Difficulties in the disposal of goods were, however, experienced, and the stores were left to their own devices or to the initiative of any local worker or the sympathetic help of the District Officer to find a market. The late Mr, Neville, the then Collector of Agra, used his personal influence in securing a huge order from Overseas for the manufacture of durries worth about Rs. 50,000. The Durrie Weavers' Societies at Agra thus received a great impetus. Considerable difficulties in securing the necessary capital for working the stores and societies were also experienced, and the U. P. Government advanced a loan of ~~Rs. 20,000~~. Of this, Rs. 10,000 went to Agra and Rs. 5,000 each to Sandila and the newly organised Federation at Barabanki.

In Agra, attempts were made to stock yarn on behalf of certain mills and sell the same on commission, but they were not attended with success for various reasons. Thereafter the Agra Store purchased one bale at a time from the local wholesale dealers and sold it on a small profit to its members. Due to unfavourable market conditions, however, the Agra Store suffered losses from year to year, and its position is causing anxiety at present. One of the chief causes is that the quality and prices of durries turned out by the weavers are very high, and with the growth of durrie and carpet weaving industry in other districts, the market for Agra durries has been very much curtailed.

Mason Industrial Co-operative Federation, Ltd., Barabanki.—The Mason Industrial Co-operative Federation at Barabanki, which was a contemporary of the Agra Industrial Stores, had also a very chequered career. For want of expert guidance and local initiative and due to lack of marketing arrangements, the Federation stagnated. The leather workers' societies, affiliated to it, had to be closed, and the Federation confined its activity only to four primary weavers' societies. The business, however, was insignificant. On the top of this, the Supervisor misappropriated some money of the Federation, and it suffered a loss. Thanks to the grant received from the Government of India for the benefit of handloom weavers, the position of the Federation was retrieved in 1935-36. The staff of the Federation was paid out of the Government of India grant, and a trained Supervisor was put in charge of the work. An order for the supply of chowkidar dhotis was secured from the Stores Purchase Department, and this further helped the Federation in rallying round the disgruntled members of at least two out of the four affiliated societies. For the first time in its eight years' existence, the Federation earned a profit on the year's working which was, however, hardly sufficient to wipe off one-third of the accumulated losses of the previous years. The net loss on 30th June 1937 was a little over Rs. 1,600. During 1937-38 the whole constitution and working was reorganised. The bylaws were recast. A strong and active directorate was elected. A separate shop was established, besides a dye-house and a yarn and cloth stores. The whole outlook had changed. During 1937-38 sales amounted to Rs. 29,732. In the following year they went up to Rs. 50,000 and in 1939-40 they were over Rs. 64,000. The exact figures for the current year are not available, but it can safely be said that it will be between Rs. 80,000 and Rs. 1,00,000. During 1937-38 the Federation made a net profit of Rs. 3,134 after meeting the losses of the previous year, and distributed dividend for the first time in its ten years' life at 10 percent. The number of shareholders increased, and the number of affiliated societies also rose to seven, including one for carpet weavers of Fatehpur. The Federation has now a Reserve Fund of Rs. 6,000, and about Rs. 3,000 in other funds like Bad Debt and Depreciation Funds. It has, so far enhanced its reputation that it faces no difficulty at present in securing deposits. Another feature of the working of this institution is that it has recently taken up Arhat business and works as an intermediary between the wholesale purchasers and the weavers. So far it has done business in this line extending over several thousands of rupees. Although it still receives Government help for the staff, it has wisely decided to stand on its own legs and is meeting part of the establishment expenses from its own funds. As a matter of fact, if the Government aid were withdrawn, it would still be able to carry on. Of late, the Federation has taken up supplies of Newar in connection with war requirements and is doing quite a good business. The Federation has also got a co-operative factory affiliated to it. This factory is a training centre and is also utilised in turning out goods which require special skill and technical supervision.

Fatehpur Qalin-makers Society, Barabanki.—The Fatehpur Tahsil Qalin-makers Society, although a primary society and an infant institution, deserves special mention. It was organised in the teeth of opposition from the local traders in 1938-39. In the very first year of its organisation it did very good business. About a thousand qalins (mostly bed size) were manufactured, and 90 percent sold off directly by the society or through the Federation at Barabanki. The society made a profit of over Rs. 600, and has already succeeded in beating down most of the local dealers. Modern designs have been introduced, and wholesale business is done. The society has a great future and is quite popular. The secret of the success lies in how it was able to meet the opposition of the local dealers in the early stages of the organisation of the society. Before the organisation of the society the dealers used to cut down the wages of weavers on one pretext or the other. The wages also were low. When they learnt that the weavers were joining the co-operative society, they not only offered to increase the wages, but also paid them wages in advance. The society, however, went one step further and beat the local dealers at their game. It notified to the members that the society would pay the market wages, and in addition to that as soon as the qalin manufactured by a member was sold off, the member concerned would get additional wages at the rate of six pies per rupee of the price fetched by the qalin. This was quite impossible for the dealers to do. The society succeeded in this way in inducing the weavers to turn out goods of the very best quality so that they may have a ready market to enable them to get the additional wages quickly.

Position of Weavers' Societies in the Province at present.—The latest information that is available at present goes to show that there are 10 central co-operative stores for weavers, one each at Basti, Agra, Barabanki, Tanda, Gorakhpur, Etawah, Mau (Azamgarh), Najibabad, Moradabad and Sandila. Besides these, there are a number of C class stores for primary weavers' societies. Such stores are financed by the Industries Department and the marketing side is looked after by the Government Handloom Emporium. The total number of primary societies of weavers is 50, with a membership of about 3,000. Twelve woollen societies in Almora and three in Nainital are of recent origin and promise well.

Summary and Suggestions.—It would appear from this note that almost every line of business was tried in our co-operative societies of weavers. From purely credit societies of unlimited liability, production and sale and later on purchase and sale societies, and societies which combined credit with purchase and sale were all tried. Many of them promised very well and in fact did quite a good business, but later on deteriorated and had to be closed for one reason or the other. Others which tided over their difficulties were reorganised and given a new lease of life and prospered. The following are the main causes of the past failure—and it may be that the same causes may account for future failure: (1) lack of sufficient capital; and (2) lack of marketing facilities.

The magnitude of the task that lies before the co-operators of this Province can be judged from the following facts and figures. The number of actual weavers (excluding their dependents) in the Province is over 7½ lacs. The number of looms engaged is over 2 lacs. The annual consumption of cotton and art silk yarn is 54 million lbs., that of silk, 1 million lbs., and that of wool about 12 million lbs. Our co-operative societies benefit hardly 3,000 weavers all told. This slow progress is mainly due to the above two causes. Government loans that are available are neither large nor lenient in terms. Banks find it more convenient and less risky to invest in agricultural credit societies, rather than in weavers' societies and stores. The capitalists cannot easily be persuaded to invest money in business. Where then is the capital to come from to help the stores or societies to increase the business? The U.P. Industrial Financing Corporation which has been recently started and has a Government guarantee behind it, might well take up the business.

Another equally serious, if not a more serious problem, is that of marketing. The U.P. Government Handloom Emporium does, as a matter of fact act as an agency for the disposal of goods, but its own business is so far limited only to a fraction of the weavers' population. It serves as a central institution for all the weavers' stores that have been organised by the Co-operative or the Industries Department. Without in any way belittling its efforts and the services it is rendering, it might be suggested that it would be advantageous if link stores were oganised in each town and city and each link store required to stock the goods of all the other stores in the Province. Accounts might be settled by adjustment every month. The great advantage would be that customers in every city or town would be able to get in their own town the products of all the other places on advantageous terms. This will further help various stores in the disposal of goods without appreciably adding to the cost of management and supervision.

If the system were extended to other provinces and inter-provincial link stores were organised the problem of marketing would be solved to a considerable extent. The matter requires close attention of all the co-operators throughout India and may be taken up by the Registrars of Co-operative Societies and the Directors of Industries of all the Provinces at a joint conference. Once these problems are solved the success of weavers' societies, as also of other artisan societies, will be assured.

SOCIETIES FOR WEAVERS IN BIHAR

(Contributed)

At the Fifth Industries Conference held at Simla in July 1933, the Government of India announced their decision to give an annual grant of Rs. 5 lacs to various Provinces for a period of 5 years from November 1934 and invited suitable schemes from the Provincial Governments for the development of co-operative buying and selling of handwoven goods on behalf of the handloom weavers and for better organisation and improvement of handloom industry generally. A scheme was, therefore, drawn up by the Local Government to utilise the Bihar and Orissa share of the above grant and the same received the approval of the Government of India in February, 1935. Necessary staff was appointed immediately and the manufacture and marketing of handwoven cloth was started from the 1st April, 1935. The handloom marketing scheme of Bihar is not based entirely on co-operative lines but it has for its object the education of weavers in co-operation and business principles and the gradual training of them to shoulder and discharge efficiently the onerous duties pertaining to co-operative finance, buying, manufacturing and marketing. The Bihar Cottage Industries, therefore, made a start with a few "production societies of weavers." The financing and supervision of these societies and the organisation of new ones were entrusted to the Co-operative Department and a part of the grant made by the Government of India was placed at the disposal of the Registrar of Co-operative Societies. At the outset one organiser and 3 weaving Supervisors for 3 societies were appointed. The number of the latter was increased to 5 in 1936 and 7 in 1937-38. The working of 3 of these societies organised in Orissa was taken over by that Province in 1938 and in the same year one society in the Darbhunga District was closed on account of unsatisfactory working. These societies have been working mainly as manufacturing agents to the Department of Industries which has built up a market in India and overseas but the fate of these societies has now become uncertain due to the irregular and uncertain marketing situation caused by the War. There are 7 such societies at present. The following statement showing the working of weavers' co-operative societies may be of interest:—

Number of societies	..	7
Number of members	..	511
		Rs.
Share Capital paid up	..	12,000
Working Capital	..	34,000
Amount utilised in actual turn over	..	1,16,000
Value of yarn purchased	..	29,000
Value of goods sold to Industries Department	..	43,000
Value of goods sold through societies	..	8,000
Earning of members	..	12,000
Reserve and other funds	..	11,000
Profit	..	2,000

The scheme financed from the grant-in-aid from the Government of India aims to obtain for the societies steady supply of orders from a market where their product can be profitably sold. The staff employed under the scheme train weavers to manufacture goods for which there is a demand and to turn them out exactly according to pattern and specification made by the Department of Industries.

Besides, there are 28 weavers' societies with unlimted liability and a total membership of 445. The working capital of these societies amounts to Rs. 37,000 and the paid up share capital is Rs. 3,000. The total of reserve and other funds amounts to Rs. 8,000. The total amount as deposit from members and non-members at the close of 1939 stood at Rs. 2,000 and the societies' borrowings from Central Banks and the Provincial Bank stood at Rs. 23,000. No loan was advanced by the societies to their members during 1939. A sum of Rs. 800 was realised from members as repayment of loans. The total outstanding as loan against the members of the societies stood at Rs. 21,000. The borrowing rates of the societies range between 9⅜ per cent to 12½ per cent and the lending rates range between 12½ per cent to 15⅝ per cent. The combined cost of management was Rs. 41..

WEAVERS' SOCIETIES IN SIND

By

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Registrar, Co-operative Societies, Sind

On 30th June 1940, there were in all 8 weavers' societies in Sind situated in the different Districts of the Province as under:—

District.	*No. of Societies.*
Hyderabad	.. 3
Larkhana	.. 1
Sukkur	.. 2
Karachi	.. 1
Thar Parkar	.. 1
TOTAL	.. 8

Their membership on the above date was 159, and working capital was Rs. 21,547 as under:—

	Rs.
Share and Members' Compulsory Deposits	.. 4,383
Non-members' Deposits	.. 88
Bank Loan	.. 12,653
Reserve Fund	.. 4,423
TOTAL	.. 21,547

The existing 8 weavers' societies, however, are not weavers' societies in the true sense of the term. They do not arrange for the supply of the yarn, silk fibre and other requirements of weavers nor do they arrange for co-operative disposal of finished goods of members. Their only function so far has been to give cash loans to their members on short term basis ranging between 6 to 12 months, and recover the same when due. In fact these societies could better be termed as credit societies for weavers rather than "Weavers' Societies."

The reasons why the weavers' societies in Sind are not able to thrive or why their members cannot combine into a body of joint producers, in the real sense, are:—

(i) General illiteracy of the people devoted to the weaving industry, while successful management of a producers' society presupposes certain amount of business ability combined with professional skill.

(ii) Heavy fluctuations in price of yarn and raw silk which makes it impossible for the society to effect wholesale purchase of raw material and retail the same to members. If meanwhile the price of yarn or raw silk goes down the society stands the risk of sustaining financial loss, which, due to its limited funds, it can ill afford to sustain.

(iii) As regards sale of finished goods of members on co-operative basis by opening sale depots, etc., the weavers generally are not anxious to have such an arrangement. They carry their goods to central places or market towns and try to get the best possible rates there. Experience has shown that the weavers generally are not losers by such direct sales. Weavers societies in Sind already exist in good market centres or in close proximity thereto and hence the weavers find little difficulty and undergo little expense in going over to the market centres for disposal of their finished goods.

(iv) In view of the modern large scale machine production and large varieties of patterns and qualities available in the market, at comparatively much cheaper rates, the old style indigenous articles have very little demand in the market. There is therefore little encouragement to the weavers to make *bona-fide* effort to promote their industry with the result that day by day the industry has been decaying and a good many of the weavers have abandoned their art and profession and have taken actually to manual labour in the big cities.

The Department of Industries, it is understood, is taking keen interest in reviving the decaying industry by sending round their experts in dyeing, weaving and textile designs to teach the weavers modern methods of weaving by fly shuttle looms, modern designs and modern art of dyeing. They are also making arrangements to get the weavers' raw material of the best quality for weaving purposes and also for disposal of their finished goods. With this aim in view Co-operative Industrial Associations are being formed in the Province through whose agency the work could systematically be carried on. One such Association has been started at Hyderabad which has been working successfully. It was registered in the year 1936. Another similar Association has just been started at Sukkur. It is still engaged in collecting requisite capital and working out preliminaries. A note prepared by the Industries Department on the working of the Hyderabad Industrial Association is appended which will show in detail the working of that Association.

THE HYDERABAD DISTRICT INDUSTRIAL ASSOCIATION

The Government of India sanctioned the scheme of development of Handloom Industry in India in 1935 at the recommendations of the Seventh Industries' Conference held on 28th and 29th October 1935. Sind, then annexed to Bombay, got a share of Rs. 8,400 annually for a period of five years. As Sind was being constituted as a separate Province from 1st April 1936, the scheme could not be brought into force immediately. The idea underlying the scheme was to form an Association of Weavers under the patronage of weaving class. An Association called the Hyderabad District Co-operative Industrial Association, Limited, was formed and registered on 10th March 1936. The aims and objects of the Association were:—(1) to supply improved appliances on hire-purchase system or otherwise; (2) to supply raw materials at reasonable rate; (3) to advise weavers and others in regard to the products of improved and easily marketable patterns and designs; (4) to undertake preparatory and finishing process and dyeing and printing in connection with the handloom industry; and (5) to accept on consignment account against partial payment, handloom products and sell the same.

The scheme has been generally controlled by a Joint Board consisting of the Director of Industries and the Registrar of Co-operative Societies, Sind. The Director of Industries is the Administrative Officer who convenes the meetings of the Joint Board. An Advisory Committee, which meets once in three months has been appointed for reviewing the working of the scheme as a whole. The Committee comprises of (1) Director of Industries (*Chairman*); (2) Assistant Registrar of Co-operative Societies, Sind; (3) Managing Director of the Sind Provincial Co-operative Bank, Ltd., Karachi; and (4) Two non-officials actively engaged in piece goods trade, preferably, fabric produced on hand looms, nominated by Government. The Textile Designer works as Secretary of the Committee.

The Association has been working steadily under the guidance of the Director of Industries.

There are over 1300—1500 families of weavers, both Hindus and Muhamadans in the Hyderabad District and the chief centres of their work are Tando Mohmed Khan, Hala, Nizamani, Matiari, Nasarpur

and Hyderabad. The weavers previously used to work on throw shuttle looms but now these have been gradually replaced by fly shuttle looms. Raw material such as yarn, white and dyed, were distributed among the weavers. Though no raw material could be arranged through the co-operative societies, yarn worth Rs. 1,098-14-2 was consumed by the Association till June 1940. The weavers being quite illiterate and full of superstitious beliefs were reluctant to accept and adopt anything new in their professions. Being extremely conservative they were slow in adopting any modern and improved appliances in their art. But they were brought round by slow and persuasive methods, and are now taking advantage of the Association in large numbers. There were in the beginning only 12 members of the Association from the weaving class. The number has now increased to 37. About 60 persons are working for the Association although they have not yet joined it as members.

The Association stocks yarn of almost all counts used by the Weavers, fly shuttle looms and implements of all kinds for the use of weavers. The Association was advanced an amount of Rs. 7,000 and Rs. 5,000 from the Government of India grant for bad debts and depreciation for cotton and woollen schemes to enable it to raise loans from the co-operative bank for its working capital.

The Association raised a share capital of Rs. 1,310. A Textile Designer was appointed to teach the weavers new patterns and designs obtained from other sister associations and the local merchants. The weavers who before this manufactured only towels and susi, were taught to manufacture hand woven fabrics such as shirtings, coating, drill, duck cloth etc. To provide an avenue for the marketing of goods prepared by weavers a Sales Depot was opened in May 1938. The Government Emporium at Karachi also provides facilities for selling the goods of the Association. The stocks and sales of the Association are as follows:—

		Rs.	A.	P.
1938–39.				
Stock at the beginning of the year	..	1,425	15	6
Total Sales	..	1,850	15	0
Total Profits	..	257	6	2
1939–40				
Stock at the beginning of the year	..	1,304	1	0
Total sales		3,280	14	9
Net profit	..	469	1	11

1st April 1940 to 31st March 1941.

Goods produced by the Association	..	2,080	2	3
Goods produced by the Association sold	..	1,785	2	9
Total Sales (including goods purchased and kept on consignment)	..	4,000	0	9

In order to create a healthy spirit of rivalry amongst the weavers a handloom weaving competition was organised by the Association in the last week of March 1941. Twenty weavers from different weaving centres, viz., Karachi, Hyderabad, Hala, Nasarpur, Tando Md. Khan and Nizamani participated in the competition. Rs. 165 were awarded as prizes to weavers.

The Association has raised a loan of Rs. 2,000 from the Sind Provincial Co-operative Bank and is trying to increase its share capital. It is still in its infancy and it cannot carry on without the subsidy of the Government. The Association is trying its utmost to train weavers in the modern weaving appliances. Many weavers have adopted modern appliances, in preference to old ones and are becoming conscious of the advantages of the improved appliances over the old ones.

HAND LOOM INDUSTRY IN MYSORE

BY

S. SRINIVAS, *Bangalore*

To Mysore goes the credit of starting large scale industries without sacrificing the smaller ones. In fact the attention of the Government is so equally divided between the two that it is rather hard to say in which type of industry the Government is more interested. The following note on one particular industry bears out what we have said.

Handloom weaving is an important cottage industry affording occupation to about 35,000 weavers and their families in the State. As a result of demonstration work carried on and financial assistance rendered by the Department, a large number of Handloom weavers in the State who were formerly using throw-shuttle and other crude type of looms have been induced to adopt improved type of looms such as fly-shuttle looms with tappets, dobbies, etc. Out of about, 35,000 handlooms working in the State at present, as many as 27,500 are fly-shuttle looms while only the remaining 7,500 are the throw-shuttle type. The increased use of fly-shuttle looms has helped the weavers to enhance their production and economic costs to a considerable extent.

During the last ten or twelve years, the Department has spent about Rs. 2 lakhs on demonstration work and introduced improved weaving appliances of the value of about Rs. 25,000. Necessary assistance is being rendered by the Demonstration Parties to the weavers in fitting up these appliances, repairing them and supplying spare parts and accessories from the stock at cost price. These parties also keep themselves in touch with the changes in market conditions and help the weavers to improve their designs or produce such designs as are easily marketable.

The most important of the measures undertaken by the Department with a view to ameliorating the conditions of the handloom weavers relate to (1) the abolition of Octroi Duty on the handloom products and (2) the opening of yarn depots for the supply of yarn to weavers at the ruling market rates. On a recommendation made by the Department of Industries and Commerce, Government have been pleased to exempt from payment of Octroi all the hand-woven fabrics produced in the State when they are imported into the municipal limits, subject to their being certified by the Department. The work regarding the certification of such products is attended to by the Demonstration Parties. During 1939-40, the total value of handloom products exempted from Octroi was Rs. 1,21,179.

The opening of yarn depots in 20 important weaving centres, noted below, in the State was sanctioned by the Government during the year 1939-40 on a recommendation made by the Department on the need for supplying yarn of the required quality to weavers at favourable rates and saving them from the middleman's profits.

Santhesaragur,	Ramasamudra,	Kadakothanahalli,
Melkote,	Hosaholalu,	Dodballapur,
Kankanhalli,	Magadi,	Kolar,
Jangamakote,	Yeldur,	Tumkur,
Mavinkere,	Chicknaikanahalli	Santhigrama,
Holenarisipur,	Shivani,	Surahonne.
Chittaldrug,	Horakere Devarapura	

All the 20 depots have now been working successfully and in response to the requisitions received from weavers of other areas, it is proposed to open 20 more such depots in the near future.

The manufacture and supply of handmade blankets which the Department has undertaken recently has greatly helped the handloom weavers of Chicknaikanahalli, Hunsur, and other wool-weaving areas to take up this work with advantage to themselves. By the end of March 1941, 1,689 blankets of the value of Rs. 11,717 were got manufactured by the Department and supplied to the Indian Stores Department on indent. It was proposed to supply 18,000 more blankets before the end of September 1941.

The question of marketing of handloom products by starting a suitable marketing organisation has also been under the active consideration of the Department. On a recommendation made by them, Government have recently constituted a Committee to go into this question.

The Government are not unaware of the repercussions that the industry is passing through on account of the war. The meteoric rise in the price of yarn and dye-stuffs have almost paralysed the activities of the industry. Steps are being taken to investigate the causes for such sudden rise in the price of yarn, and the Government will, no doubt, succeed in stabilising the price of yarn. The Fact Finding Committee visited Mysore twice and were much impressed with the work the Government were doing in the cause of the handloom weavers.

I am indebted to the Department of Industries and Commerce in Mysore for the facts and figures kindly furnished by them.

WEAVERS' SOCIETIES IN HYDERABAD STATE

By

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H. E. H. The Nizam's Dominions

The number of weavers' societies at the end of the co-operative year 1939-40 was 60, with a membership of 1,345. Their working capital was Rs. 1,67,003 out of which the owned capital amounted to Rs. 75,936. Loans due by members amounted to Rs. 1,07,954 as principal and Rs. 74,245 as interest while the societies owed Rs. 56,959 as principal and Rs. 29,286 as interest to Central Banks and Rs. 25,763 to Government.

Twenty-four societies of this class are under liquidation and even those that are supposed to be working are in a moribund state. Most of the loans which are now outstanding with the members were advanced to them at the time the societies were established. There were some societies which had also arranged for the purchase from the weavers of manufactured cloth and of its sale. The experiment proved a failure and the societies suffered heavy losses. All these societies are as a matter of fact credit societies with unlimited liability. During the last ten years attention has been chiefly given to the collection of interest and principal and the execution of arbitration awards. The fact of the matter is that a large number of these societies are actually in the process of liquidation though they have not been actually declared as such.

The competition of mill-made cloth has made the position of weavers still worse. The Department of Industry has introduced new machinery, and demonstration parties go round the villages to teach weavers improved methods of production. New methods of dyeing are also being introduced. It is not to be expected that the new process will spread more rapidly. The weavers are generally indebted to the local sahukar who supplies them the yarn on credit and takes back the cloth at an unfair price. A large number of weavers have thus for a long time been reduced to the status of wage-earners. If a co-operative society is formed the weavers borrow money from it to pay-off their other debts or spend it otherwise and then again resort to borrowing from sahukars. No society can, therefore, function successfully unless all operations from the supply of raw material to the sale of the finished product are controlled by it.

Well-to-do weavers or sahukars have already adopted the factory system of production, where the weavers are employed on wages. The employer provides improved hand-looms, raw material and other necessary equipment, thus reducing the weavers to the position of wage-earners. Experience has shown that it is not possible to improve the condition of weavers through the agency of co-operative credit societies.

One of the ways now proposed to be followed in this respect is to enlist weavers as members of urban banks which have been or are being established at different weaving centres. These urban banks have been advised to work in close co-operation with the Department of Commerce and Industries which will run a depot for the supply of raw materials (at competitive prices) to weavers who are their members. In order to guard against the misapplication of the funds advanced, it has been considered desirable that raw material should be supplied instead of cash, the bank being responsible to the Commerce Department for the price. The Department has been requested to undertake the supply of improved implements and new popular designs.

As regards the sale of the finished products, it is proposed to establish at one or two selected centres local sales depots which should be arranged by the Commerce and Industries Department. Further, it has been recommended that weaving factories may be started on a small scale on the basis of co-partnership at important centres. The weavers will get employment in these factories. They will also be persuaded to hold some shares in the factories with the prospect of becoming owners of the factories in due course.

HAND-LOOM WEAVING INDUSTRY IN TRAVANCORE

BY

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Handloom Weaving Industry in Travancore was in a flourishing condition, and expert professional weavers in the State inhabiting the southern parts of Travancore who are very skilled experts in the craft of weaving have been carrying on this industry for generations past. During the last decade a series of adverse causes affected violently this great village industry and at present it is in a very unsatisfactory state. In order to organise together the weavers and to nurse the weaving industry back to life, a central organisation was felt to be very necessary, and hence a Central Weavers' Co-operative Society was registered about 10 years back. This Society was not started for the past several years owing to lack of enthusiasm on the part of the promoters and others. In the year 1940, this Central Weavers' Society was started on work by the initiative and enterprise of the Srimulam Shashtiabdapurthi Memorial Institute in Trivandrum. This Institute had itself been keenly interesting in handloom weaving and now the Central Weavers' Co-operative Society and it has now on its rolls about 150 members, individual weavers and societies, and a total working capital of about Rs. 5,000, this progress being the result of one year's working. Government have placed orders for the supply of textile goods required by the different departments such as the Excise, Military, Hospitals etc. with the Society to the value of more than Rs. 12,000. The Society has been given a subsidy of Rs. 2,500 and also a motor lorry for easy transportation of goods. A special feature of the Society is that it has secured the services of an American trained expert in dyeing, printing and colour. Under his supervision new and attractive patterns, designs and colour have been introduced. These are becoming very popular. The "Institute Quality" cloth, shawls, towels, chintz, window and door curtains etc. manufactured by weavers under the direction of the Society are becoming increasingly popular. During the year 1940 the Society has turned out business to the total extent of nearly Rs. 47,000 under purchases and sales. The Society has also introduced as a side business the manufacture of tapioca starch on a cottage industrial basis, thereby supplying a portion of the starch requirements of the Indian mills outside the State. The future of this Central Weavers' Society promises to be very bright, and in its hands the handloom weaving industry in Travancore is certain to receive a great impetus and incentive.

DEBT CONCILIATION ACT AND CO-OPERATIVE CREDIT IN INDORE STATE

By

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Secretary, Indore Premier Co-operative Bank, Ltd.

The Indore Debt Conciliation Act was passed in the year 1939. It is mostly on the lines of the Central Provinces and Berar Debt Conciliation Act. The Central Provinces has led all other British Provinces and Indian States in the matter of Debt Conciliation legislation and the other Provinces and States have, according to their local needs, adopted with certain modifications, the main structure of this benevolent legislation. An attempt is made in this paper to show, on theoretical consideration, how the provisions of the Debt Conciliation Act would affect the business of co-operative societies and Central Banks especially in respect of fresh advances to their members for current agricultural operations and necessary domestic needs. As certain sections of the Indore Debt Conciliation Act (VI of 1939) and the Indore Co-operative Societies Act (V of 1914) and Rules are referred in the body of this article, it will not be out of place to reproduce those sections of the Acts and Rules in order that the reader may be acquainted with the specific provisions, and these are appended to this article.

The substantive provisions of the Debt Conciliation Act make no distinction between a Co-operative Society and the individual creditor. The definition (d) of "creditor" includes a co-operative society while by definition (e) of "Debt" "anything recoverable as an arrear of land revenue" is excluded. Now as per Rule 20 of Co-operative Rules, "all sums recoverable under the decision of the Registrar, shall be recovered in the same manner as arrears of land revenue". Considering both these provisions under the different Acts it is obvious that "sums recoverable under the decision of the Registrar" are excluded from the operation of the Debt Conciliation Act. These awards are obtained against members of societies when they are defaulters. Though these awarded dues do not come under the provisions of the Debt Conciliation Act, yet the dues for which no awards are obtained would fall under it. Therefore, this provision along with that made in section 22 (3), which lays down that recovery of advances made subsequent to the agreement under section 14 will be stayed over until the debts under the agreement have

ceased to exist, appears to come in the way of fresh financing which the banks and the societies have to make for current agricultural needs of the year. If recovery of these dues or their overdues are stayed over till the debts under the agreement ceased to exist, the business of financing will have to be completely stopped. We hope that this could not have been the intention of the Government in enacting this legislation. Therefore elucidation on this point, by clearly exempting fresh financing made for agricultural operations and domestic expenses has to be obtained from the authorities.

Then section 14 (1) provides that "if creditors to whom not less than forty per cent of the total amount is owing come to an amicable settlement with the debtor, such settlement shall forthwith be reduced to writing." The proviso of this section says that "When a co-operative society is one of such creditors, no settlement in so far as it affects the debts owing to such society shall be valid without the previous approval in writing of the Registrar, Co-operative Societies." Our reading of the section and its proviso makes us to think that the Registrar, Co-operative Societies, can have jurisdiction to approve the settlement when it is arrived at by the parties. But when there is no such settlement at all between the society-creditor and the debtors, the Registrar has no jurisdiction in the matter. Such refusals for settlement would be governed by section 22 which provides that when there is no settlement, a certificate might be issued in respect of such debts, the recovery of which would be stayed over till the debts under the agreement are recovered. So, when a co-operative society refuses to come to an agreement with its debtor (this would invariably be the case when the outstandings would be of fresh financing where no conciliation can be agreed upon), such refusals would not be sent to the Registrar, Co-operative Societies, and the question of his previous approval would not arise. Section 22 will therefore be applicable and such fresh advances would not be recoverable for years, which consequently would enjoin the societies to suspend fresh financing. The safeguard regarding the Registrar's previous approval is provided only where there is a settlement between the society-creditor and its debtor and no where else in other provisions of the Act. This is the second difficulty in respect of the fresh advances that we have to make for current agricultural needs. As they are not protected, the societies and the banks would not be willing to take risks in making them.

Section 15 provides that the existing mortgage lien or charge in respect of debts under the agreement made under section 14 would subsist to the extent of the amount settled to be payable to the respective creditors. Thus, on account of the statutory first charge after the Government dues that is provided by the Co-operative Societies Act, section 19, when the society-creditor and the Registrar approve the settlement under section 14, that settled debt would also have a first charge in respect of other settled debts. So far the provision does not affect us adversely but it does affect us adversely where for debts which the society refuses to settle, this first charge would be of no avail, as under section 22 (3) and (28) the recovery would be postponed over the settled debts. It is, therefore, necessary that the Government should clarify the position of fresh financing by co-operative societies that is necessary for conducting the normal credit business of the societies and the banks.

The preamble to the Act says that the object of the Act is " to relieve agriculturists from indebtedness by amicable settlement." By the word "indebtedness" we think the Government and the legislature mean old and heavy overdues; such overdues can be conciliated by agreement between the parties or by act of law. But there cannot be conciliation of advances which are new and are made for necessary requirements for running the agricultural industry. It cannot be the intention of the Government that the sources of the agriculturist for obtaining fresh finance for running his industry should not remain available to him.

It is, therefore, obvious that this object will have to be made more clear by amending the Act in such a manner that " indebtedness " and "debt" should mean "old and heavy overdues" and exempting the current advances made for agricultural operations and necessary domestic needs.

Section 22 (2) provides that when the creditor sues in a civil court for recovery of a debt certified under sub-clause (1) the court shall disallow the costs of the suit and interest and, sub-section (3) provides that after the registration of an agreement, if any creditor sues for the recovery of a debt in respect of which certificate has been granted under sub-section (i), the decree passed in such suit shall not be executed until all amounts under the agreement ceased to exist.

Now, with respect to the co-operative societies, the reading of this section raises some doubts; the societies are governed by a special enactment in such respects. The disputes between the co-operative societies and their members are referred for decision to the Registrar, and after making enquiries he issues an award which is executable as a decree of the civil court when sent to it for execution or when sent to the Amin by the Registrar. All sums recoverable under the decision shall be recovered in the same manner as arrears of land revenue. So the question is whether the words "Civil Court" in sections 22 and 23 of the Debt Conciliation Act include the Registrar, Co-operative Societies. If they so include, then those sections are applicable to the debts of the co-operative societies. Further by the same analogy, the words "suit" and "decree" would mean to include "dispute" and "decision" or "award" under the Co-operative Societies Act. But a contrary view is put forward. The High Court of Bombay has in many cases held that the arbitrator is not a court of law. Then reference to arbitration cannot be treated as suits. In A.I.R. 1936 Bombay 396, it is stated: " it seems to be perfectly clear that the award of the arbitrator under section 54 of Bombay Co-operative Societies Act is not a decree of the civil court." From the foregoing, it will be noticed that sections 22 and 23 of the Debt Conciliation Act cannot be construed as to bring "the Registrar" or "the Arbitrator," "the dispute" and "the Award" within the meaning of the words "civil court," "suit" and "decree" respectively. The effect of this reasoning will be that in respect of debts of co-operative societies that are not settled under section 14 (2), the sub-sections (2) and (3) of section 22 and the sections 23 and 28 are not applicable. It therefore follows that for debts which the societies have refused to conciliate and for debts which the societies have advanced after the settlement, disputes can be filed with the Registrar and awards obtained, which can be enforced against the property of the debtor.

Then again, section 19 of the Co-operative Societies Act gives a first charge (after the Government dues) to the outstandings of the co-operative society. In that way, the debt of the society is a secured debt and the society is a secured creditor. If, therefore, such a society refuses to agree to a conciliation, section 22 (1) will be applicable to it in respect of the certificate that is provided thereby. But, as pointed out above, sub-section 3 will not be applicable. The position would, therefore, be that a dispute can be filed for such a debt with the Registrar, Co-operative Societies and the award obtained will be executable. This position, therefore, defeats the purposes of certification of the co-operative societies' debts under section 22 (1).

Under section 14 (1) of the Debt Conciliation Act, the whole property of a debtor is held as security against instalments to be paid to creditors whose debts are conciliated by the Board. That property cannot be attached or sold for the recovery of debts which are not settled or which have been advanced anew. This provision is inconsistent with that made under section 19 of the Co-operative Societies Act, which gives to the outstandings of the co-operative society a first charge over all the property, both moveable and immoveable, of the members. It seems doubtful whether the Act, by granting a privilege to the individual creditors who would accept conciliation through the Board, of ensuring the recoveries of the settled instalments by securing the property of the debtors, has simultaneously taken away the privilege from the co-operative societies, in cases where they may refuse to agree to a settlement.

In the foregoing paragraphs, an attempt is made to draw attention to possible conflicts and inconsistencies that are likely to arise between the provisions of the Debt Conciliation Act and the Co-opertive Societies Act. The co-operative societies are organised and run under a special enactment—the Co-operative Societies Act—which gives them certain rights and privileges, and at the same time enjoins certain obligations on them. The provision of the first charge for their dues (after the Government dues) is one of the fundamental privileges that these societies enjoy under this Act. Then any dispute between the society and the member is referred for summary disposal to the Registrar, Co-operative Societies, whose decision is final and is executable as a decree of the civil court or the sum awarded is recoverable as arrears of land revenue. The business of co-operative societies is governed by certain rules and by-laws that are sanctioned by the Government and the Registrar, Co-operative Societies respectively. These co-operative societies are not profiteering concerns. They are run for the economic betterment of their members who are persons of limited means. In credit societies, the rates of interest on their lendings are controlled by the Registrar, in according his sanction to the by-laws. The audit of the accounts of the societies is one of the main statutory responsibilities of the Registrar, Co-operative Societies. From the foregoing it will be seen that the business of co-operative societies is fully controlled by the Government under legal provisions. There cannot be any charges levelled against these societies regarding falsity in accounts or charging of usurious interest. At the same time it can be admitted that due to economic and natural causes over which neither the societies nor their members had any control, e.g. failure of crops and economic depression, the advances made at the initial stages of the movement have mostly been frozen and have become old and heavy overdues. The institutions and the workers are alive to this condition which is clogging the advance, on right lines, of the Co-operative Movement in the State and the institutions have been doing their best, within their resources, to scale down these old and heavy overdues, and to check inflations, remissions are given annually since past so many years. The Indore Premier Co-operative Bank has placed before the Government such a scheme for which the Government's monetary help is absolutely necessary. If we look close into the position of the movement, it will be noticed that loans by societies have been advanced out of borrowed amounts from the Central Banks which in their turn have borrowed from depositors. Thus any scheme for scaling down of members' dues should not affect the ultimate creditors of the movement viz., the depositors, as otherwise the credit of the Central Banks and the movement would be rudely shaken which it will not be possible to re-establish. So, any such scheme should go in for scaling down those dues only to the extent of the reserves of the societies or the central banks concerned. We doubt whether in effecting settlement on the applications of individual members in the Debt Conciliation Boards, such a comprehensive attitude towards the credit movement as a whole would be practicable. As there are fundamental differences in the business of lending by the individual *Sahukars* or their firms and by the co-operative societies and Central Banks, both these types of lending agencies should not be linked together in the scheme of conciliation under the Debt Conciliation Act. We feel that it would be more practicable to separate co-operative lending and that the Co-operative Department may be empowered to evolve suitable and practicable schemes for scaling down the debts of the members of co-operative societies. The societies themselves would be endorsing any such schemes within the limitations mentioned above viz., that the scaling down should be to the extent of the reserves of the societies concerned.

The Debt Conciliation Acts have been in operation in other Indian States and British Provinces for a number of years. The experience of their working and the difficulties that have come in their operation in respect of co-operative societies' dues are known from the reports published. Generally their working has resulted in a considerable shrinkage in credit and the agriculturists experienced difficulty in securing fresh advances even for productive expenditure. Even co-operative societies could not afford relief due to difficulties involved in recovering their arrears. Taccavi loans had to be advanced in some Provinces. The Debt Conciliation machinery has, therefore, to be adjusted so as to leave a sufficient portion of the debtors' property, free from the encumbrances for repayment of the settled debts, so as to enable the debtor to obtain advances for current agricultural operations. Other difficulties in conciliation of co-operative debts arise on account of delay in obtaining the previous approval of the Registrar or on account of his having given a scheme of conciliation different from what is agreed upon by the Board and other creditors of the same debtors. In Central Provinces the cumulative effect of such difficulties was that co-operative debts could with difficulty be settled. Besides this, the membership of a society had also stood in their way of getting relief by conciliation of their other debts, as a consequence of which, they began to feel the membership to be a curse. The consensus of opinion on the working of this Act in different Provinces is that it is advisable to remove these co-operative debts from the jurisdiction of the Debt Conciliation Board and at the same time evolve a separate scheme of conciliation for scaling down the overdues in the co-operative societies consistent with the resources of societies.

If this idea finds favour with the Government the amendments necessary to the present Debt Conciliation Act are very few and easy. The Government will only have to delete (i) the inclusion of co-operative societies in the definition of the creditor and (ii) the proviso to section 14 (1). Only by the existence of these two provisions in the Act, it is made applicable to the co-operative societies.

APPENDIX

I. Debt Conciliation Act VI of 1939

Preamble.—WHEREAS it is expedient to relieve agriculturists from indebtedness by amicable settlement between them and their creditors, it is hereby enacted as follows:—

Section 2. (d) 'Creditor" means a person to whom a debt is owing and includes a Co-operative Society.

(e) "Debt" includes all liabilities owing to a creditor, in cash or kind, secured or unsecured, payable under a decree or order of a Civil Court or otherwise whether due or not due, but shall not include arrears of wages, land revenue, or any thing recoverable as an arrear of land revenue, or any money for the recovery of which a suit is barred by limitation.

Section 14. (1) If the creditors to whom not less than forty per cent of the total amount of the debtor's debt are owing come to an amicable settlement with the debtor, such settlement shall forthwith be reduced to writing in the form of an agreement recording (a) List of immoveable properties of the debtor with particulars of any mortgage, lien or charge subsisting thereon, the amount payable to such creditors and the manner in which and the times at which they are to be paid. Such agreement shall be read out and explained to the parties concerned and shall be signed or otherwise authenticated by the Board and the parties:

PROVIDED that when a Co-operative Society is one of such creditors, no settlement, in so far as it affects the debts owing to such society, shall be valid without the previous approval in writing of the Registrar, of Co-operative Societies.

(2) An agreement thus made shall, within one month from the date of its making be registered under the Indore Registration Act, 1907, by the Chairman of the Board in such manner as may be prescribed and it shall then take effect as if it were a decree of a Civil Court.

(3) For the purpose of the registration of an agreement under sub-section (2), the Chairman of the Board shall be deemed to be an officer of Government empowered to execute such agreement within the meaning of section 88 of the Indore Registration Act, 1907.

Section 15 Where an agreement registered under sub-section (2) of section 14 relates to a debt which is secured by a mortgage, lien or charge on any immoveable property of a debtor, such mortgage, lien or charge shall subsist

to the extent of the amount payable to the creditor in respect of such debt in accordance with the terms of the agreement until such amount has been paid or the property has been sold for the satisfaction of such debt.

Section 22. (1) Where, during the hearing of any application made under section 4, any creditor refused to agree to an amicable settlement, the Board may, if it is of opinion that the debtor has made such creditor a fair offer which the creditor ought, reasonably to accept, grant the debtor a certificate in such form as may be prescribed in respect of the debts owed by him to such creditor.

(2) Where any creditor sues in a civil court for the recovery of a debt or the decree holder applies for execution of his decree in respect of which a certificate has been granted under sub-section (1) the court shall notwithstanding the provisions of any law for the time being in force, not allow the plaintiff any cost in such suit or allow the decreeholder any cost in the execution proceeding or allow in either case interest on the debt after the date of such certificate.

(3) Where after the registration of an agreement under sub-section (2) of section 14 any creditor sues for the recovery of a debt, other than a debt incurred subsequent to such agreement, in respect of which a certificate has been granted under sub-section (1) or any creditor sues for the recovery of a debt incurred after the date of such registration any decree passed in such suit shall notwithstanding anything contained in the Indore Code of Civil Procedure 1927 not be executed until all amounts recorded as payable under such agreement have ceased to subsist.

Section 23—No civil court shall entertain—

(*a*) Any suit in respect of—

(*i*) any matter pending before a Board, or

(*ii*) the validity of any procedure or the legality of any agreement made under this Act or

(*iii*) the recovery of any debt recorded as wholly or partly payable under an agreement registered under sub-section (2) of section 14 from any person who is debtor was party to such agreement whether such agreement is subsisting or not, or

(*iv*) the recovery of any debt which has been deemed to have been fully discharged under sub-section (2) of section 9 except a debt which is received under the proviso to that sub-section.

(*b*) Any application to execute a decree, the execution of which is suspended under sub-section (3) of section 22.

Section 28—When an application has been made to a Board under section 4, any suit or other proceedings then pending before a civil court in respect of any debt for the settlement of which application has been made shall be suspended until the Board has disposed of the application.

Provided that no decree, whether passed before the date of such application or passed in the suit after revival for the recovery of an unsecured debt in respect of which a certificate has been granted under sub-section (1) of section 22, shall be executed until all the amounts recorded as payable under an agreement registered under sub-section (2) of section 14 have been paid or such agreement has ceased to subsist.

II. Indore Co-operative Societies Act (Act V of 1914) and Rules.

Section 19—Subject to any prior claim of the Government in respect of land revenue or any money recoverable as Land Revenue or of any amount recoverable as a State Demand, any debt or outstanding demand owing to a Society by any member or past member shall be a first charge on that member's or past member's property moveable as well as immoveable.

Section 19—A dispute in respect of the business of a Society between any person who:

(a) is or has been a member of a society or

(b) claims through any one who is or has been a member and such Society or its Committee or any of its Officers

shall be referred to the Registrar for decision.

Rule 20—When any such matter is referred to in rule 19, is submitted to the Registrar for decision, the Registrar shall cause such inquiries to be made as the nature of the case may demand. On completion of such inquiries the Registrar shall record a written order deciding the dispute. Orders thus passed by the Registrar shall be final and

(a) on a requisition to the Amin of the Mahal made by the Registrar of Co-operative Societies all sums recoverable under the decision shall be recovered in the same manner as arrears of Land Revenue;

or

(b) on motion to the civil court having jurisdiction over the subject matter of the decision, that court shall enforce the decision as if it were a decree of the court.

CO-OPERATIVE FEDERATION IN BIHAR

BY

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Hon. Secretary, Divisional Co-operative Federation Board, Bhagalpur.

The Bihar Co-operative Federation, Ltd., is an institution unique of its kind in India. The credit of founding it is due to the Registrar, Mr. B. A. Collins, I.C.S., who conceived the idea as early as 1911. In 1915 Mr. Collins began discussing the matter with non officials in their conferences and ultimately decided to apply to Government for approval. The Local and the Central Governments in India would not take the responsibility of transferring the statutory function of the Registrar to a body consisting of non-officials. They therefore referred the matter to the Secretary of State who approved the idea of Mr. Collins and permitted the formation of a Federation to deal with the statutory business of the Government. In June 1919 the Federation was actually started. In the Departmental report of the Government for 1918-19 we find "The initiation of the Co-operative Federation marks an important stage in the growth of the Co-operative Movement." The object of Mr. Collins in the inauguration of this Federation was (1) to releive Government of the cost of expending more money on audit (2) and to educate the co-operators in the art of managing their own business. Following are the objects and aims, as laid down in the original Certificate of Registration:—

(i) to ensure a regular and efficient system of supervision, audit and control for all co-operative banks and societies enrolled as members.

(ii) to promote agricultural, industrial and other special forms of co-operation.

(iii) to aid in the expansion and improvement of primary education, to promote sanitation, to facilitate medical and famine relief and generally to secure the moral and mental progress of the affiliated Societies.

(iv) to secure unity and uniformity among all co-operators in Bihar and Orissa and to see that all co-operative business is conducted on sound and progressive lines;

(v) the federation may acquire and work a Press.

Since the inauguration of the Federation two Committees have sat in the Province to examine the working of the Movement. The first known as the Lyall Committee of 1923, appreciated the inauguration of the Federation and wished it to work on. The second one, known as the Hubback Committee of 1931, while appreciating the usefulness of the Federation recommended that for its stability more powers should be granted under the statute.

In pursuance of the report of the Hubback Committee, the Legislature of the Province gave the Federation a status and defined it as a registered society, the main object of which was to co-ordinate and facilitate the activities of other registered societies and to foster the growth of the co-operative movement.

The Federation started its career with Khan Bahadur Mohideen Ahmed as its first Governor and Babu Ajodhya Prasad Varma as its Secretary and a Council consisting of 10 members.

Under the constitution of the Federation its supreme authority is vested in a Congress composed of elected representatives of banks and societies which ordinarily sits once in a year to transact its business as an Annual General Meeting of a society registered under the Co-operative Act. The business at intervals of annual meetings is transacted by a small working Committee, known as the Federation Council, which is constituted at every annual sitting of the Congress.

Each Divisional Board in the Province has 3 representatives in this Council and each councillor retains his seat for 3 years and one of them retires annually, and the vacancy caused is filled up by election in the Congress. Besides the Representatives of the Divisional Board, the Registrar-Governor, the Deputy Governor and the Deputy Registrar are also Ex-officio Councillors.

Just after coming into being the Federation devised a scheme to form a Board to be called the Divisional Federation Board in each Division of the Province with a view to encourage co-operators to take part in deliberations concerning the well being of the movement and matters arising for consideration in the Division. It was in the 3rd session that the Congress resolved to form these Boards at the Head quarters of each Division, i.e., Patna, Bhagalpur, Muzafferpur, Ranchi and Cuttack. The original scheme for the Divisional Boards as passed by the Congress had the following for its objects: (i) To consider and discuss matters relating to a regular and efficient system of supervision, audit and control of Central Banks and limited Societies in a Division. (ii) To formulate definite lines of policy as regards promotion of primary education, agricultural improvement and industrial development by means of Co-operation. (iii) To devise ways and means and suggest constructive schemes for the promotion of sanitation, medical relief and relief of economic distress. (iv) To examine and study all new forms of co-operation with a view to its introduction.

These Boards were constituted by election of 2 representatives from each Central Bank in a Division and one representative from each limited Society with 75 members besides the Assistant Registrar and the Honorary Organiser in the Division. These Boards were expected to meet not more than 4 times a year. The cost of maintaining an office was to be met by the Federation and the travelling allowance of the members by the Bank or Society sending the representative. Subsequently these Boards were given the power to guide the Propaganda Officer placed in their Division. Some of these Boards such as Chhotanagpur, Bhagalpur and Patna were permitted to do some development work.

Co-operative Press.—Khan Bahadur Mohiuddin Ahmed conceived the idea of tacking on a Printing Press to the Federation and it is seen that even before the first sitting of the Congress, arrangements for owning and running a Press were made by him in anticipation of the Congress sanction. A press was first taken on lease and subsequently purchased. A type foundry was also established at great cost. The Co-operative Press did good work for some time but the venture ultimately failed causing a loss of more than a lakh of rupees to the Federation. It could not be run on business lines. It was all along run on the lines of a Government concern with a top heavy administration paraphernalia. Men who actually worked the business had no business experience and those who guided the affairs were equally disqualified as business men. The ordinary business tactics of employing canvassers, paying commissions etc. were not adopted and the success of the business was expected from the Registrar's circular orders and the like.

Audit Service.—The chief business of the Federation was the conduct and control of the audit system. The quality as well as quantity of the work done was always considered to be satisfactory by Government. Three classes of officers were employed for the purpose, Assistant Auditors, Junior Auditors and Local Auditors. Assistant Auditors were men with superior qualifications and were mostly employed for auditing Central Banks. Local auditors were meant to audit primary rural societies and the Junior Auditors were meant for doing intermediate jobs. Central Banks were audited for some time half yearly, then monthly and then once in two months. Primary societies were audited once yearly. A small percentage of the audit work done by lower auditors was test audited by superior auditors. About 10 Assistant auditors, 15 to 20 junior auditors and 100 local auditors constituted the strength of the audit staff. Some time after the start of the Federation, as ill-luck would have it, Government conceived an idea of employing a Chief Auditor to assist the Registrar in understanding and dealing with the affairs relating to audit. A raw youngman with some foreign qualifications was employed. The officer selected, was a pure and simple auditor and not at all a co-operator. Minutes of the Council meetings reveal that the troubles in the audit section commenced as soon as this Chief auditor came in. There was a regular scramble between this Chief auditor and the Federation Secretary for the control over these auditors which led to a dual administration of the Audit Department, one vying with the other in getting the reins of the affairs absolutely in his hands. The federation could keep on till its wheel was in competent hands. As soon as opportunity came these auditors were made to rebel against the Federation control. They set up an agitation, they sent up memorials to Government. The Federation in the meanwhile had become crippled in its resources and was not able to pay salaries regularly, and so the Federation agreed to make over the audit to Government, thus giving up the work for which it was inaugurated.

In its rosy days the Federation dreamt many day dreams, one of which was the Development programme. The idea of doing Development works can also be traced back to Khan Bahadur Mohiuddin Ahamed, the Registrar. Now at this distance of time it is not possible to say if the Khan Bahadur had conceived this ambitious programme with a view to solve the unemployment problem. As a first step a high salaried post was created. The salary attached to this post was something nearing the salary attached to the Government officers of the Provincial cadre. There is no record of any substantial work done by any who occupied the post. The idea of Development, however, was propagated by these officers and some non-official workers took up the clue in right earnest and began organizing village uplift societies. Masman, Parlul, Lalmati and Kerthal are the outcome of their labour. Though they started well, all these works began to fade off when Government set up its own Development centres under Government servants.

Propaganda.—Each of the Divisional Boards in the Province was given a Propaganda Officer and an Assistant Propaganda Officer to work with. The officers employed were generally well educated people and capable of doing work. They went round the Societies, held training classes of Panches, propagated the movement by addressing meetings, and by lantern lectures. They were really a useful band of workers, who wanted to do Development work; then as the Federation by and by became unable and unfit to maintain they were disbanded.

Training.—The Federation was running two Institutes for training its workers, one located at Cuttack and the other at Sabour. Co-operative law and principles, book-keeping and accountancy were taught in this School. The Sabour Institution was latterly named Durga Prasad Training Institute. This institution for some time held itinerant classes in mofussil banks and gave an opportunity to the honorary workers to know many things necessary for running a central bank business. This activity of the Federation was also crippled by Government running the institute itself. Prof. B. B. Mukherji, M.A., a veteran co-operator, renowned economist and educationist in the Provinces, and Babu J. N. Misra, M.A., another educationist, were on the staff of the Sabour Institution. They had to leave the institution and their places were filled by a Sub-Deputy Magistrate, and a Propaganda officer, neither of whom could claim any knowledge of economics. This was the way in which this wing of the Federation activities was broken.

A look into the proceedings of the Congress and the Council meeting would reveal the nature of the struggle between the official and the non-official co-operative workers. While the former tried to strengthen its hold on the affairs of the movement, the other tried to shake off the shackles as quickly as possible. The tug-of-war continued for about 20 years and the non-official fighters were ultimately vanquished. Far from being a people's movement, co-operation became actually a Governmental activity to control the credit of the people.

It will not be out of place to quote here some of the achievements of the Federation and the appreciation of the same in the reports published by Government from time to time. The Registrar observed in his annual report for 1917-18: "The formation of the Federation is undoubtedly a step in the right direction. The ideal of the Federation is that Co-operators themselves must decide on the policy and line of development as well as carry out the programme." The Government appreciated this view of the Registrar and said: "The formation of the Federation has supplied an urgent need for the future development of co-operation." Again we read in Government Resolution on the Registrar's Report for 1918-19: "The initiation of the Co-operative Federation for audit and other purposes marks an important stage in the growth of the Co-operative Movement." Government Resolution on the Registrar's Report for 1920-21 contains: "The Co-operative Federation which was started in June 1919 is designed to relieve the Government to a great extent of the work of audit and inspection of Societies with the aim of ultimately reducing Government control of the Movement to the minimum. The Movement is so frought with benefits of all kinds that the Government are ready within reasonable limits to ask the Legislative Council to subsidise it." In his report for the year 1928, the Registrar wrote: "It is, however, gratifying that a good deal of useful work was done by the Propaganda Officers...." In the Government's Resolution on the Registrar's report for 1929 we find: "Government are pleased to note the progress which has been made during the year in the scope of the activities of the Co-operative Federation." "In the Registrar's Report of 1930 we find: "In general the Federation fulfils a number of useful functions and plays a very important part in co-operative organization." Government endorsed the view in the following terms:—"Government are pleased to note that the Federation continues to fulfil a very important role in the Co-operative organization." Government, while reviewing the Hubbuck Committee's Report, in Resolution, dated 13-12-33, observed: "The Federation was primarily constituted for the purpose of arranging for the audit of Co-operative Institutions and Government have no reason to be dissatisfied with the manner in which the audit has been conducted." In 1931 the Government Resolution reviewing the Registrar's Report recorded: "Government are pleased to note that the Co-operative Federation records yet another year of useful activity." In 1932 Government said again "The Co-operative Federation continues to do very useful work. The Federation has now become an integral part of the whole Movement."

From 1933 the affairs of the Federation show a move downwards, and that is because it failed to collect its levies from the banks. Slowly one by one of its activities stopped for want of funds and for want of Government sympathy. To-day we find the Federation almost dead. The Rehabilitation Scheme seems to transform the Co-operative Movement into one of a credit movement and silently does away with the necessity of a Federation like this.

REVIEWS

GROUNDNUT. By Dr. B. V. Narayanaswami Naidu and S. Hariharan. (Annamalai University, 1941).

Groundnut is one of the chief cash crops of the Madras Presidency which contributes about 60 per cent of the total production. The district of South Arcot has been the oldest and the most important producing and exporting centre in this Province. It is therefore but appropriate that this brochure should have been published by the Economics Department of the Annamalai University which is situated in the heart of the district. The present War has had serious repurcussions on the trade in groundnuts causing a severe glut in the market and distress among the producers. Thus the study has appeared at an opportune moment and is a valuable source of information on practically all aspects of economic importance pertaining to the production and sale of groundnuts.

The first chapter deals with the conditions under which the crop is grown, the commercial classification of the varieties selected for cultivation with reference to the suitability of the soil, irrigation facilities, and labour power, and the methods of harvesting adopted which differ according to soil and climate. The results obtained from experiments conducted in the Agricultural Research Station at Palur on the various methods of cultivation have been summarised. The data on the costs of cultivation, of both the rainfed and the irrigated crop, have been compiled from the figures available at the Tindivanam Agricultural Research Station. It would have been preferable if information had been collected independently on the actual costs incurred by the cultivators.

Then follows a historical retrospect of the progress made by the groundnut crop during the last 25 years in the continental countries where it is grown and in China and India. The causes that have led to the fluctuations in acreage under cultivation and production have been examined. The position held by groundnut in relation to the other crops raised in India and particularly in Madras, and its growing importance among the oil-seeds have been clearly presented with a number of statistical tables and diagramatic representations. The reasons assigned for the low yield per acre, based as they are on the data published by the Government, cannot be taken as wholly correct. The results achieved by experimental research in the different spheres of groundnut cultivation have been recorded. This is followed by a rather lengthy digression on the efficacy of electro-culture. This method has not been widely tried in British India while the results obtained in Tindivanam were not satisfactory.

The insect pests and diseases that affect the crop and the remedial measures suggested have been described. It has been pointed out by the author that the poor quality of the groundnut exported from Madras has been mainly due to premature harvests, improper storage and insufficient drying. The elimination of these defects is essential if a higher value is to be obtained for the Indian groundnut in the international market.

Marketing is the most important of the problems that face the producer. An interesting description is given of the chain of middlemen—the village dealer, the shed-men, etc.—and the fraudulent methods used by them to deceive the ignorant farmers who lose heavily on account of the existence of these intermediaries. Further he has referred to the utter poverty of the producers which binds them to the village dealers and forces them to sell the produce in the village itself. After a survey of the chaotic conditions of the rural markets the author rightly concludes that co-operative marketing offers one of the best means through which the producer can get the full market price for his produce and that efficient consumers' societies will eradicate the middlemen. The activities of the sale societies in the Madras Presidency have been briefly mentioned. The history of the Central Sale Society at Cuddalore and its activities which have been furnished, reveal that the ryots were able to get fair prices besides godown facilities through this organisation. However the controlled credit system launched by the Co-operative Department could not adequately meet the needs of the ryots and with the opening of market yards, it is learnt, the usefulness of the society slowly and steadily diminished with the result that it is now under liquidation. In view of the potentialities of co-operative marketing for securing the maximum benefit to the producer greater attention could have been given to this aspect of the problem.

The Book is informative on the regulated markets in other Provinces and States. The Madras Commercial Produce Market Act, the constitution and functions of the Marketing Committee and the working of the market yards have all been treated in full. The defects in working the Act have been pointed out which we hope will receive due consideration at the hands of the authorities. The study of the problem of marketing is supplemented by a discussion of the effects

of excessive railway freights on the price of groundnut. The author inclines to the view that lower freights will also increase the revenues of Railways.

The share of India in the export trade of groundnut is dealt with in detail and the growing competition from the tropical possessions of European Countries has been indicated. The present war has completely closed to the Indian exporter the markets for Europe which had been taking nearly 70 per cent of the exports. The higher costs of insurance, rise in shipping freights and lack of shipping space have still further aggravated the situation. The trend of price movements over a long period and the factors affecting it have been analysed on the basis of the data available in the Government reports.

As the immediate problem now facing the producer and the trader is the disposal of the large surplus produce, the practicability of the solutions suggested for tiding over the market crisis have been discussed with care. Dr. Naidu thinks that neither the scheme of restrictionism nor the scheme of subsidy can solve the problem of over-production but that the only effective remedy is to devise ways and means to increase the internal demand either by increasing the consumption of raw commodities or by converting the surplus into manufactured products. He would prefer the latter course and in this connection he has given an exhaustive account of the various uses to which the groundnut oil can be put and the number of products that can be manufactured from it. However one cannot expect a rapid development in internal consumption. Important points have been raised in this chapter for discussion which may form the basis of further search for a proper solution.

EDITOR.

CO-OPERATIVE SOCIETES AT WORK IN INDIA

CENTRAL PROVINCES & BERAR

Extracts from the Report of the Registrar of Co-operative Societies for the year ending 30—6—1940 :—

General position.—The year under report was more favourable to the agriculturists than the previous one. The crops were generally better and prices were also more favourable, especially of cotton, as a result of the outbreak of the War. Recoveries consequently improved and the movement showed signs of reviving, especially in Berar.

The position of the co-operative movement in Berar continued to engage the anxious attention of Government during the year. In September 1939, a communique was published summarising its conclusions on the recommendations of the Berar Co-operative Enquiry Committee and its proposals for dealing with the problems of co-operative movement in Berar. Unfortunately, the proposals set out in the communique did not commend themselves to the interests primarily concerned and the situation also changed considerably due to the outbreak of the War, which was responsible for the sharp rise in the price of cotton, which is the chief money crop in Berar. Government, therefore, issued another communique in March 1940 outlining its final proposals for dealing with the Berar problem. The salient features of the scheme contemplated by Government are:—

(*i*) Calling of meetings of creditors of the banks which have suspended payment with a view to find out if not less than 51 per cent in value of all the creditors agree to a compromise or an arrangement for payment of liabilities of the banks. Such a scheme, when confirmed by the Registrar, will be binding on all the creditors under Section 42-B (2) of the Co-operative Societies Act which was inserted by the Central Provinces and Berar Co-operative Societies (Amendment) Act, 1940 (V of 1940),

(*ii*) Enquiry into the assets, liabilities and repaying capacity of the indebted members of societies by the Registrar with a view to ascertain the amount which can be recovered from them in the maximum period of 20 years and conciliation of the creditors' dues to the level of the banks' realisable assets,

(*iii*) Government guarantee of interest at 3 per cent or at the stipulated rate, whichever is lower, on the debts of central banks reduced by compromise or conciliation to the extent of debtors' capacity to repay in the maximum of 20 years from the date such proposals are accepted. Government also agreed to grant a subsidy of not more than Rs. 1 lakh for not more than three years to meet deficits, if any, in the working expenses of the central banks after all measures of economy and retrenchment considered necessary by the Registrar had been carried out and to give assistance up to one lakh of rupees for future financing of societies.

(*iv*) Setting up of new committees of management containing representatives of all the interests concerned including the creditors.

Meetings of creditors of all the nine central banks were accordingly held in June 1940 where a scheme containing the compromise or arrangement for repayment of liabilities of the banks was accepted by the requisite majority of creditors. Enquiries will now be started by the Registrar to find out the amount that can be realised and repaid to the creditors during the period of the scheme.

In the Central Provinces also the Hoshangabad, Piparia, Jubbulpore and Murwara Central Banks found it difficult to repay the depositors on the due dates, and, therefore, suspended payment. They have also taken advantage of Section 42-B of the Co-operative Societies Act and have framed schemes for repayment of their creditors. Meetings of creditors in these banks were also held after the close of the year where the schemes have been accepted by the requisite majority of creditors. The financial position of other central banks in the northern part of the province is fairly sound with one or two exceptions, and it is expected that they will be able to tide over the crisis facing the movement and continue their normal functioning. The financial position of the banks in the Chhattisgarh and Nagpur Divisions is also sound and none of them need find difficulties in repayment of its depositors.

The movement is in a healthy condition in the old Chhattisgarh Division where the honorary workers have always taken a keen interest in the affairs of their banks and have managed them on strictly co-operative lines. Another bright feature in the movement is registration of as many as 247 new societies during the year which shows that in spite of the failure of the movement over a large part of the province, agriculturists are anxious to join the movement for financial help which cannot be now easily obtained from any other source. Another good feature is the sound position of the Apex Bank which has continued to be a tower of strength to the movement.

Financial Balance-Sheet of the Co-operative Movement as a Whole.—The financial position of the central banks of the province and the Provincial Bank taken together on the 30th June 1940 is indicated in the rough balance-sheet given below:—

LIABILITIES Serial No.		Amount.	ASSETS Serial No.		Amount.
		Rs.			Rs.
1.	Deposits :—		1.	Cash in hand and in banks outside the movement ..	5,11,165
	(*a*) Fixed deposits	1,26,29,801			
	(*b*) Savings deposits	25,00,110			
	(*c*) Current deposits	14,20,129			
2.	Debentures ..	13,91,000	2.	Surplus in Government Securities	9,80,817

Serial No.	LIABILITIES	Amount. Rs.	Serial No.	ASSETS	Amount. Rs.
3.	Provident fund of the employees ..	3,91,007	3.	Fluid resource and reserve fund in Government Securities	53,13,137
4.	Loans due to banks outside the movement	8,732	4.	Demand Loan on security of Government paper and deposits	6,35,382
	Total liabilities to outside creditors	1,83,40,779			
5.	Paid up share capital	15,53,469	5.	Deposits in approved banks outside the movement	40,27,603
				A. Total liquid assets	1,14,68,104
			6.	Building and stock	7,27,660
			7.	Landed property	35,71,929
				B. Total fixed assets	42,99,589
				Total liquid and fixed assets (A, B)	1,57,67,693
			8.	Good debts	59,64,625
	Grand Total of Liabilities	1,98,94,248		Grand Total of assets	2,17,32,318
	For 1938-39	2,14,44,160		For 1938-39	2,27,83,114

Societies and Membership.—The number of co-operative societies of all types thus increased from 4,764 to 4,884, of which 4,421 were agricultural primary societies with unlimited liability and 15 with limited liability (14 crop loan societies in Berar and one landlords' society at Narsinghpur).

The total membership of all societies in the province increased to 136,271 (132,115), while the working capital fell to Rs. 5,23,52,974 (Rs. 5,43,26,172). The primary agricultural societies on share basis further increased to 3,011 (2,936), of which 650 are converted and 2,361 registered on share basis. During the

year one multi-purpose society was registered under the Sohagpur Tahsil Central Bank. The total number of multi-purpose societies registered so far is nine of which three are dormant and six are working. Government sanctioned a provision of Rs. 5,600 for the construction of four godowns and pay of 10 managers. The expenditure during the year 1939-40 amounted to Rs. 2,616 only.

Training and Propaganda.—The scheme of training and education of the staff of the department and co-operative organizations and the members of primary societies which is financed out of the Government of India grant was continued during the year. As laid down in the first scheme, the educational staff of the department held in the first half of the year six training classes for (i) circle auditors, valuers and chief group officers, (ii) society auditors (iii) group officers, (iv) managers, (v) assistant group officers, and (vi) accountants, for periods varying from one to three months. Two classes were conducted side by side during the half year. The total number of candidates trained at these classes was 115 including 50 private candidates. Of these, 50 employees and 20 outsiders were successful at the examinations held after the various training classes.

In the latter half of the year, 29 (42) training classes were held by the educational staff with the help of the Divisional Co-operative Institutes and were attended by 1,607 (2,805) members and office-bearers of rural primary societies including 392 (755) literate persons. Each class continued for nearly eight days and the main principles of co-operation and their application were explained to the members in homely talks. Literate members were trained in the writing of accounts, proceedings books and the loan applications. A written examination for the literate and an oral test for the illiterate persons were conducted at which 118 literate and 796 illiterate members were successful. Excepting Seoni, at least one class was held under the area of each central bank in the central Provinces, while the Berar Institute organised only one class in the area of Mehkar Central Bank. This was due to the financial crisis in most of the Berar banks. The Raipur and Bilaspur banks organised three training classes each and the Nagpur bank arranged two classes. The total amount of out-of-pocket expenses, including motor and railway fares, disbursed to the members amounted to Rs. 3,681-11-0. These charges were defrayed out of the Government of India grant. Rallies and magic lantern shows were held on the occasion of these classes and the officers of the allied departments took part in them. The Educational Inspector delivered lectures at the refresher course of the officers of the Revenue, Irrigation and Agriculture Departments at Chandkhuri, to the students of four normal schools and of three village uplift training classes.

Agricultural Credit Societies with Limited and Unlimited Liability.—The working capital of societies in the province, excluding those under liquidation, decreased from Rs. 92,27,249 to Rs. 83,78,315; in the Central Provinces it decreased from Rs. 52,59,385 to Rs. 48,51,402, and in Berar from Rs. 39,67,864 to Rs. 35,26,913. The loans due by members also fell from Rs. 69,15,886 to Rs. 61,15,505. They fell in the Central Provinces from Rs. 39,59,803 to Rs. 36,92,570 and in Berar from Rs. 29,56,083 to Rs. 24,22,935. Cash recoveries from members of working societies increased from Rs. 8,49,053 to Rs. 10,87,079 in the Central Provinces and from Rs. 1,69,024 to Rs. 2,92,300 in Berar.

The membership of societies, other than those under liquidation fell from 50,411 to 49,443 in the Central Provinces and from 7,289 to 6,929 in Berar. The average number of members per society in the Province fell from 13 to 12·7 the average being 13·2 in the Central Provinces and 10·2 in Berar.

Total loans advanced by societies to members decreased from Rs. 16,39,084 to Rs. 12,70,704, of which cash advances amounted to Rs. 8,09,653 (Rs. 8,68,132), being Rs. 7,52,434 (Rs. 7,64,414) and Rs. 57,219 (Rs. 1,03,718) in the Central Provinces and Berar, respectively. The largest amount was advanced for purchase of bullocks and plough cattle by the Raipur, Bilaspur, Drug and Bhandara banks in Chhattisgarh division and by Brahmapuri bank in Nagpur division. The percentage of advance for cattle was 51·1 in the Central Provinces. The largest amount in Berar was for cultivation expenses, the percentage to the total advance being 60·8.

The proportion of overdues in the loans of societies (excluding those under liquidation) against members has come down to Rs. 39,61,432 (Rs. 48,93,798) or 64·7 (70·7) per cent for the province as a whole. The proportion of overdues in the Central Provinces has decreased to 44·3 (52·9) per cent, while in Berar it has gone up to 96·0 (94·7) per cent. Including renewals, the percentage would be 44·9 (56·6) and 96·1 (95·2) in the Central Provinces and Berar, respectively. The renewals granted were for Rs. 22,248 and Rs. 3,457 in the Central Provinces and Berar, respectively. Out of 4,436 societies, 441 (713) in the Central Provinces and 306 (339) in Berar failed to pay even the interest due during the year. The number of societies which took no loans during the year from central banks was 1,852 (16,70) in the Central Provinces and 256 (392) in Berar.

The rates of interest charged to societies varied between 6 to 8½ per cent (except Khamgaon where the rate charged by the bank to societies is 10 per cent). The policy of allowing interest on reserve fund of societies for reducing the rates of interest on loans due by members was continued with the effect that in some societies the rates of interest to members was as low as 4 per cent.

Deposits in societies further decreased from Rs. 2,68,114 to Rs. 2,56,682. In the Central Provinces, the deposits of members increased from Rs. 95,412 to Rs. 1,01,877 and of non-members from Rs. 9,868 to Rs. 9,936. In Berar, there was a decrease in members' deposits from Rs. 17,443 to Rs. 15,166 and in non-members' deposits from Rs. 1,45,391 to Rs. 1,29,703. The fall in deposits in Berar was due to the economic depression and to the deplorable condition of the movement in that division.

Land Mortgage Banks.—The number of land mortgage banks remained stationary at 21. The proposals for the registration of banks at Damoh, Chanda and Balaghat which were pending at the close of the last year were dropped as it was considered desirable not to establish any more banks but to consolidate the position of the existing ones by recovering overdues which had appeared in some of them. All the banks were in full working order during the year except Betul which financed its first borrower after the close of the year. The area of operations of the Saugor Land Mortgage Bank was extended to the Damoh sub-division at the special request of the tenants of that sub-division.

There was a considerable fall in the volume of fresh business done during the year. This was due to the following factors:—

(1) Establishment of Debt Relief Courts. Agriculturists were tempted to resort to them as they could get more concessions from them than from land mortgage banks.

(2) Good crops of the year which brought in a fairly high income to agriculturists who satisfied some of their creditors and paid up arrears of land revenue or rent and, therefore, did not feel the pressing need for going to land mortgage banks.

(3) Outbreak of war and consequent restriction of credit by the Provincial Bank. Immediately after the outbreak of war the Provincial Bank found it difficult to float debentures. It, therefore, adopted the policy of sanctioning loan applications up to Rs. 1,000. As it could, however, get subscribers and raise Rs. 6 lakhs by way of debentures later on, it removed the restriction but instructed all land mortgage banks not to entertain loan applications for more than Rs. 5,000 from any individual.

(4) Lack of propaganda by most of the banks to popularise their activities in the interior and attract business.

The most remarkable feature of the working of land mortgage banks during the year was the sharp fall in the number of loan applications received mainly due to the establishment of Debt Relief Courts under the Relief of Indebtedness Act. Some co-ordination by legislation between the work of Debt Relief Courts and that of land mortgage banks is necessary if the latter are to flourish and render effective financial assistance to agriculturists. The former should reduce the claims of creditors considerably for cash payments and the latter should agree to make advances for paying off reduced claims if they are satisfied with the merits of the case sent to them by Relief Courts. In the Bombay Presidency a provision has been made in the Agricultural Debtors' Act, which corresponds to our Relief of Indebtedness Act, for bringing about co-ordination between the Relief Courts and land mortgage banks. This subject was also considered by the recent Conference of Land Mortgage Banks which has accepted the principle and referred the subject to a sub-committee for drafting a suitable amendment to the Central Provinces Relief of Indebtedness Act.

Central Banks.—The number of central banks continued to 35. The total working capital of central banks decreased to Rs. 2,32,15,046 (Rs. 2,43,41,028). The share capital declined further to Rs. 15,17,139 (Rs. 15,20,742); it rose from Rs. 9,61,243 to 9,63,550 in the Central Provinces, while it fell from Rs. 5,59,499 to Rs. 5,53,589 in Berar. The reduction in Berar is mostly due to the redemption of shares of members of societies under liquidation.

Reserve and other funds decreased to Rs. 54,11,438 (Rs. 54,20,648), of which a sum of Rs. 34,22,235 was ear-marked for provision for bad and doubtful debts. The total loans outstanding against affiliated societies decreased to Rs. 1,19,45,815 (Rs. 1,25,67,417). It decreased to Rs. 45,88,616 (Rs. 48,70,945) in the Central Provinces and to Rs. 73,57,199 (Rs. 76,96,472) in Berar. Bad debts amounted to Rs. 11,95,301 and Rs. 48,17,500 and doubtful debts to Rs. 2,17,547 and Rs. 4,896 in the Central Provinces and Berar respectively. Bad debts increased in the Central Provinces by Rs. 60,128 and in Berar by Rs. 9,70,394. Doubtful debts increased in the Central Provinces by Rs. 20,305 and in Berar by Rs. 20,977. The percentage of bad debts to the total loans outstanding works out in the Central Provinces at 26·0 (23·3) and in Berar at 65·5 (49), while that of doubtful debts at 4·7

(4·8) and ·07 (0·3) respectively. The only banks where there are no bad or doubtful debts are Bilaspur in the Central Provinces and Pusad and Darwha in Berar. The bad and doubtful debts are nominal in Raipur and Drug, *viz.*, Rs. 1,277 and Rs. 409, respectively.

The total deposits of all kinds held by all the central banks on the 30th June 1940 amounted to Rs. 1,01,24,086, out of which a sum of Rs. 5,82,540 has been transferred to the Provincial Bank which maintains adequate cover for the same. The cover required for the balance of Rs. 95,41,546 is Rs. 46,00,802 whereas the banks have maintained Rs. 17,81,396 only. During the year out of 35 central banks, 18 (20) have maintained adequate fluid resource while 17 (15) have failed to do so. The fluid resource as a whole has been much depleted as a result of heavy withdrawals of deposits from banks. The importance of maintaining adequate fluid resource cannot be overstressed in these days when there is a marked tendency to withdraw deposits. Efforts should, therefore, be made to make up the deficit in fluid resource by pushing up recoveries as energetically as possible.

C. P. and Berar Provincial Co-operative Bank.—The working capital of the bank has decreased to Rs. 1,61,51,898 (Rs. 1,67,53,817). The net profit has increased to Rs. 78,076 (Rs. 68,276) but it is all unrealised. The amount due from central banks and societies on account of loans, cash credits and over draft accounts decreased from Rs. 45,79,135 to Rs. 41,59,774 of which Rs. 8,14,074 (Rs. 9,68,339) were due from the Central Provinces and Rs. 33,45,700 (Rs. 36,10,796) from the Berar banks and societies. Against the ordinary loans and cash credits due by banks and societies in the Central Provinces, the bank holds as security Government paper of the face value of Rs. 25,000, fixed deposit receipt of this bank aggregating Rs. 1,14,693, building mortgages of Rs. 35,500 and a charge on the fluid resource of Rs. 2,000. Besides these, the loans due by the Narsinghpur Landlords' society aggregating Rs. 62,573 and those due by housing societies are fully secured by mortgage of the village shares and houses of members. As against the loans and cash credits, etc., due by Berar banks, the security held is the aggregate area of 40,532 acres of agricultural land, fixed deposit receipt of Rs. 37,850 and mortgage of office buildings of the value of Rs. 1,14,500.

The bank is associated with the management of nine central banks in Berar and five in the Central Provinces. It has decided to finance crop loan societies of Berar up to the extent of Rs. 3 lakhs. No central bank in Berar, except Malkapur, organized any crop loan societies during the year under report. The bank advanced Rs. 10,457 to the crop loan societies on security of assignments of mortgages executed by their members. It is hoped that other central banks will follow the example of the Malkapur Bank and organize crop loan societies for which there is a great demand. The Provincial Bank is prepared to pay the central banks by way of commission interest at the rate of 2 per cent per annum on the advances made to the crop loan societies in consideration of their rendering service both in respect of advances and recoveries.

Rates of interest on fixed deposits varied from 1¾ per cent to 3¾ per cent, while those on savings bank from 1½ per cent to 1¾ per cent. Owing to war condition and the Berar crisis, there has been a considerable fall in the deposits of all kinds. The Registrar's and central banks' deposits decreased to Rs. 46,57,073 (Rs. 48,12,565) and Rs. 10,02,571 (Rs. 11,04,040), respectively, and the individual fixed deposits also went down to Rs. 42,53,601 (Rs. 51,94,921). The savings bank and current deposits, too, fell to Rs. 17,49,300 (Rs. 22,42,310).

The cash recoveries of loans during the year rose to Rs. 9,93,272 (Rs. 2,27,815), while the cash advances increased to Rs. 6,60,982 (Rs. 6,37,800). Overdues from central banks and societies amounted to Rs. 13,42,111 (Rs. 9,16,372), the increase being mainly due to the incapacity of the banks even to meet the easy instalments granted in 1937-38. As the Berar banks have suspended payments, the recoveries received by them and the sale proceeds of lands could not be utilized either towards repayment of loan due to the Provincial Bank or repayment of deposits pending confirmation of schemes for payment of creditors.

The surplus funds which the bank continued to have ranged between 19 to 29 lakhs. The heavy surpluses were invested by the bank mostly in short-term deposits with commercial and apex co-operative banks of other provinces. In the year under report it opened a pay office at Narsinghpur for doing the business of making advances on security of grain and other agricultural produce. The bank is thinking of opening branches or pay offices at different centres in the province for similar business.

The share capital and reserve fund of the bank amount to Rs. 5,18,600 (Rs. 5,19,770) and Rs. 5,30,000 (Rs. 5,15,000), respectively. The provision for bad and doubtful debts amounts to Rs. 6 lakhs which may not be found sufficient to cover the losses that the bank may have to suffer in Berar. It will have to draw upon its reserve fund and other funds to meet these losses. The bank's own capital works out to Rs. 13·95 (Rs. 11·12) per cent of the borrowed capital. Further, the current value of the bank's investments in Government paper, though not as high as in the previous year, is still much in excess of what appears in the balance sheet and this latent reserve is a source of additional strength to this bank.

The sound financial position of the Provincial Bank is largely due to the skilful management of its Managing Director, Sir M. G. Deshpande.

Non-Agricultural societies with limited liability.—During the year, 9 clerks' societies were registered. The number of such societies thus rose to 60 (51). The membership increased to 27,010 (22,595). The working capital and loans outstanding have gone up to Rs. 19,10240 and Rs. 16,13,740 (Rs. 15,94,366 and Rs. 14,72,317) respectively. Their profits have increased to Rs. 88,652 (Rs. 73,978). Most of these societies are doing fairly well and their number may well be increased. In such societies, business has been restricted as attachment of salaries of persons drawing less than Rs. 100 has been stopped.

Dairy Societies.—The Telinkheri Dairy continues to do good work under the supervision of the Agriculture Department. Other dairies except the one at Jubbulpore have been working with a small capital. The membership of these societies rose from 66 to 104 and working capital from Rs. 15,238 to Rs. 23,225. Sale of goods to members also increased from Rs. 33,682 to Rs. 42088, but the profits went down to Rs. 535 (Rs. 936).

Reserve Funds.—The reserve fund of societies of all kinds amounted to Rs. 74,04,954 (Rs. 81,19,812). The reserve fund of the Provincial Bank amounted to Rs. 5,30,000 (Rs. 5,15,000), that of the central banks to Rs. 14,37,024 (Rs. 14,58,456) and that of primary and other societies to Rs. 54,37,930 (Rs. 61,46,356). The figure includes the reserve fund of societies under the liquidation which amounts to Rs. 29,64,038. Reserve fund constituted 6·2 (6·0) per cent of the working capital of central banks and 26·0 (24·9) of primary societies.

Out of the total reserve fund of the movement amounting to Rs. 74,04,954, a sum of Rs. 24,64,103 is invested in Government securities and post office cash certificates. The balance of Rs. 49,40,851 is mixed up in the working capital of banks and societies as detailed below:—

		Rs.
In Provincial Bank shares	..	4,60,982
In Central Bank shares	..	28,990
In Reserve Bank shares	..	7,500
In working capital of shares societies and societies under the reserve fund scheme	..	6,12,213
Uninvested	..	38,31,166
Total	..	49,40,851

UNITED PROVINCES

Extracts from the Report of the Registrar of Co-operative Societies, Rai Bahadur Pandit Radhe Lal Chaturvedi for the year ending 30—6—1940 :—

General Statistical Progress.—The statement given in the next page will show the progress of the Co-operative Movement.

Credit Societies—Central.—The number of banks and banking unions remained constant at 70. The working capital increased from Rs. 102·19 to Rs. 108·15 lakhs. The percentage of owned to working capital fell from 39·1 to 37·2. The decrease is due to the fact that a number of banks had to borrow large sums towards the last quarter of the year to finance marketing operations. Deposits from individuals rose from Rs. 49·63 to Rs. 53·82 lakhs. Those from banks decreased from Rs. 4·06 to Rs. 3·92 lakhs. Deposits from societies rose from Rs. 8·37 to Rs. 10·28 lakhs. The increase is partly due to the care and scrutiny exercised in the matter of advance of loans by societies working exclusively or substantially with their own capital.

Borrowings during the year increased from 62·06 to 68·02 lakhs. Money borrowed by Central Banks from sister banks rose from 9·38 to 16·89 lakhs and lendings consequently rose from 9·69 to 15·87 lakhs. This is mainly due to the development in the volume of business consequent on the increase in the number of societies.

Advances to primaries rose from 41·35 to 44·60 lakhs. Total demand for the year (including overdues and postponements) was 57·71 as compared with 51·26 lakhs of the previous year. Recoveries from working societies increased from 35·14 to 42·94 lakhs. This puts the percentage of collections at 73·9, which is perhaps as high a peak as ever attained in any previous year. The percentage of collections from societies under liquidation was 18·2 against 11·7 of 1938-39. Recoveries from working and liquidated societies combined amounted to 69·2 against 62·5 of the previous year. Overdues fell from 16·38 to 15·86. Percentage of overdues to outstandings in working societies alone has come down from 41·8 in 1935-36 to 28·3 in 1939-40. Overdue interest decreased by 3·41 to

Type.	Number of Societies.		Number of Members.		Working Capital.		Owned Capital.	
	On June 30, 1939	On June 30, 1940	On June 30, 1939	On June 30, 1940	On June 30, 1939	On June 30, 1940	On June 30, 1939	On June 30, 1940
1. Central Societies—Credit ..	70	70	*5,864 †8,167	*5,867 †8,672	Rs. 1,02,18,835	Rs. 1,08,58,213	Rs. 39,98,087	40,37,750
2. Central Societies—Non-credit ..	117	188	14,031 *1,60,691 †2,252 162,943	14,548 *3,55,018 †3,403 358,421	11,10,535	26,14,043	1,66,860	5,18,253
3. Primaries—Agricultural ..	10,026	15,084	452,865	712,426	1,35,07,333	1,37,77,748	69,94,728	76,39,916
4. Primaries—Non-Agricultural ..	645	736	69,197	81,575	72,28,901	79,08,488	34,02,189	37,30,899
TOTAL ..	10,858	16,078	699,036	1,166,970	3,20,65,604	3,51,58,492	1,45,61,864	1,59,26,818

* Individuals.
† Societies.

3·23 lakhs in working societies and from 3·67 to 3·33 in the case of those in liquidation.

Land Mortgage Societies.—There has been no fresh organisation of any land mortgage society for some time and the number continued to be 5. Membership rose from 632 to 701. Advances decreased from Rs. 49,985 to Rs. 26,830. Once loans have been made for a long period, the work for the succeeding years is very largely confined to collections. Outstandings increased from 1·73 to 1·80 lakhs. Overdues increased from Rs. 3,022 to Rs. 3,838 so that the percentage of overdues to outstandings works out at about 2 per cent. Recoveries rose from Rs. 14,852 to Rs. 19,281; profits on the working of the year amounted to Rs. 5,941 against Rs. 1,465 of the previous year. The principal reason for the stunted growth of the societies is lack of any agency for advancing long-term loans; the fall in the values of land is another subsidiary factor.

Village Banks.—The conversion of existing credit societies into multi-purpose societies, briefly described as village banks, was restricted to A, B and C class societies. Of 961, about half were due to conversion referred to above. These village banks are intended to tack on to credit, marketing, supply of agricultural implements and better living activities. So far marketing has been introduced in some and better living activities in others. It will take some time before they cover all the necessary ground.

Agricultural Credit Societies—Unimited Liability.—As a result of the policy of organizing village banks, only 43 societies were registered for purely credit operations. The total number of credit societies, after excluding those that have been converted or liquidated, is 6,741. The membership remains practically what it was last year, in spite of the fact that about 568 are now shown separately as village banks. Average membership is 25·2 as compared with 23·7 of last year. Deposits held from members increased from Rs. 3·24 to Rs. 3·67 lakhs. This shows the growing confidence of members in their societies. With 568 societies classed separately as village banks, advances naturally dropped from Rs. 38·62 to Rs. 35·18 lakhs. Repayment, however, increased from Rs. 33·76 to Rs. 37·16 lakhs. Percentage of recovery rose from 48·7 to 53·5. Overdues including postponements were substantially reduced from Rs. 46·8 in 1937-38 to Rs. 43·8. Recoveries towards interest improved by about a lakh and overdue interest went down by a like amount. The working capital decreased from 115·30 to 108·27 lakhs; so also owned capital which dropped from 67·20 to 65·50 lakhs.

Needless to point out, the shrinkage in one case as in the other was due to conversion to which reference has been made already. The percentage of owned capital to working capital comes to 60·4 as compared with 58·2 of the previous year.

Non-Agricultural Societies with Limited Liability.—The number of societies increased from 208 to 239; membership similarly went up from 52,667 to 62,329. The working capital rose from 62·89 to 68·95 lakhs and the owned capital from 29·27 to 34·25 lakhs. Advances and repayments increased from 49·46 to 53·65 and from 42·05 to 48·31 lakhs respectively. Overdues at ·87 lakhs were practically the same as last year. Deposits from members increased from 24·05 to 26·21 lakhs. Of 239 societies under this head as many as 203 belong to salary earners against 185 of last year. A condition precedent to success of

these societies is that its instalments of loans should be deducted by the disbursing officer from the monthly pay sheets of members. The progress would have been quicker if all the societies had enjoyed the same facilities as they do in other provinces.

Non-Agricultural Societies of Unlimited Liability.—The number of societies with unlimited liability increased by 11 to 260 and the membership from 7,036 to 7,452. Average membership per society comes to 28·7. Societies of this class are largely manned by weavers and petty traders. The working capital rose from Rs. 3·56 to Rs. 3·76 lakhs and the owned capital from Rs. 1·93 to Rs. 2·10 lakhs. Advances and repayments show moderate gains as compared with the figures for the last year. Overdues, however, went up from Rs. 114 to Rs. 125 lakhs. The total amount outstanding from members is Rs. 2·86 lakhs.

Seed Stores.—Partabgarh has 8 central and 3 primary stores; the latter are all unregistered. The total quantity distributed by them during the year amounted to 7,000 maunds. Bareilly with one primary and three central stores distributed 600 maunds. Moradabad has one central and five primary stores. The most important of the lot (Dhanura) distributed 1030 maunds. In Partabgarh farming of wheat, barley and sugarcane is carried on in blocks. Green manuring and urine preservation beds are common to a large number of societies. The Moradabad seed store supplied 104 chaff cutters to members.

Industrial Stores.—Central industrialists stores rose from five to eight and are located one each at Bara Banki, Etawah, Cawnpore, Agra, Basti, Azamgarh, Tanda and Gorakhpur. The manufactures cover a very wide field consisting of furnishing cloth, cloth for shirting and coating, gauze, jaconet, niwar, towels, sarees, dhurries and hosiery goods of cotton and wool, etc. The Mason Industrial Federation (Bara Banki) with a working capital of Rs. 22,215 made a profit of Rs. 2,713. Sale of cloth totalled Rs. 62,038. The Federation arranges for the sale of different varieties manufactured by its affiliated societies.

The Sandila Industrialists' Store handled goods worth Rs. 55,479. It supplied 45,000 yards of jaconet to the Kabul Government during the year and orders for 12,000 lb. of niwar have been placed with it by the Sholapur mills and a few firms at Cawnpore. It made a profit of Rs. 3,600. The Weaving and Sale Society, Sandila, has specialized in the manufacture of gauze, jaconet and bandage cloth and disposes of part of the stock through the store. It supplied during the year 155,155 yards of jaconet to Bihar and United Provinces Government and yet another 10,629 yards of gauze and 2,696 yards of bandage were supplied to hospitals. It made a profit of Rs. 1,896.

The Cawnpore Knitting and Weaving Society manufactures cotton and woollen hosiery goods and niwar. It made a profit of Rs. 1,772. The Etawah store, a concern of recent growth is developing on sound lines and made a profit of Rs. 1,647 during the year.

Students' Stores.—The number of such societies remained at 9. Of these the Udai Pratap College Store, Benares, dealt in goods to the value of Rs. 28,693 and made a profit of Rs. 1,102. There are no overdues so far. The other two stores that deserve mention are the Hindu School Scouts Store (Benares) and the City High School Store at Ghazipur.

Weavers' Societies.—There are 37 weavers' societies spread over ten districts, namely, Agra, Etawah, Bulandshahr, Basti; Gorakhpur; Azamgarh; Moradabad, Hardoi and Bara Banki. Members of a number of these societies sell their goods through stores which have been dealt with in the preceding paragraphs. Of the more important among these societies, mention may be made of the Carpet Makers' Society, Bara Banki which manufactured 900 qualins and sold 800 locally on a profit of Rs. 605. A number of new geometrical designs were introduced. The members of Ichauli Society (Bara Banki) manufactured goods worth Rs. 2,911 and made a profit of Rs. 116 on a sale of goods worth Rs. 1,000 at Kishenganj (Eastern Bengal). The Malawan Society (Hardoi) sold goods worth Rs. 2,000 and supplied 132 *thans* of hand-spun and hand-woven cloth to the Government Emporium. It also supplied niwar to a couple of firms at Cawnpore. The Katra Weaving and Sale Society (Bara Banki) works on factory lines. Members work on the Society's looms and get wages for manufacturing goods out of raw material. They manufactured goods worth Rs. 4,572 during the year.

The Blanket Spinning and Weaving Society, Najibabad, had a prosperous year. It manufactured 2,822 blankets and milled and finished close upon 5,000. Sales amounted to Rs. 18,599 yielding a profit of Rs. 5,362. This has reduced the previous losses by about half the amount.

There are 12 woollen societies in the Almora District and 3 in Naini Tal. Work is developing in Almora and membership comprises of 1,238 persons. The societies manufactured blankets, *kamlis*, etc., of the value of Rs. 2,339 and made a profit of Rs. 332 on the sale of half the stock during the year. Over and above this, the societies afforded employment to members on payment of wages. The work in Naini Tal is in its initial stages. In order to develop the work in hill districts, a hill inspector has been posted to Ranikhet for the first time.

Fruit Cultivation.—The Fruit Preservers' Co-operative Society, Allahabad, purchased machinery worth Rs. 3,500 during the year out of a Government grant made for the purpose. Another Rs. 4,000 is required before it can be utilized for manufacturing fruit products. The Fruit Crop Purchase and Sale Society, Malihabad, made a profit of Rs. 346 on a sale of stock worth Rs. 31,094. It has appointed 12 commission agents in Bombay, Bihar and Bengal.

Bansmati Rice Co-operative Society, Dehra Dun.—The Society continues to flourish. It disposed of 3,233 maunds of rice and made a profit of Rs. 930. Supplies were made to Burma, Assam and Karachi. The Society can attract deposits direct.

Milk Supply Unions.—Apart from the Lucknow Co-operative Milk Union, Ltd., Lucknow, and 13 milk societies affiliated thereto, there are 7 societies in Allahabad and one each at Benares and Unao. The last mentioned has not started work yet. Thanks to the generous grant from Government the Lucknow Union has an up-to-date equipment consisting of a cooling plant and cold storage. Besides a hand-driven machine for making butter, it owns a motor van for fetching milk from the assembling centre to the town. It is housed in a spacious building in a conspicuous part of the town. The Union derives its supply not only from registered societies, but also from members of 19 credit societies and people of 47 villages

selected for organization of primaries for supply of milk. The milk handled during the year amounted to 11,450 maunds, of which 1,835 maunds were turned into butter and ghee. The sales all told fetched Rs. 55,202. About 800 families in the town were supplied milk by the Union. Yet another 22 schools were supplied their quota in sealed bottles. The Union which employs 150 persons is steadily growing in popularity and in course of time it is expected to supply milk to all schools and hospitals. The losses suffered during the three years of its working amount to Rs. 5,000. Apart from the difficulties connected with fluctuation and uncertain supplies and dishonesty of carriers, the Union had to meet the freight and feeding charges to the tune of Rs. 1,700 in supplying improved cattle to members and a couple of hundreds in laying out an area under cultivation of lucerne grass. Uneconomic units have been abolished and the staff has been retrenched. It is hoped that loss will be wiped off during the course of two years.

Khowa Scheme.—A new scheme of converting milk of members into khowa and selling the product has been started recently at Rampur Garhwan (Unao). During the year, 18 societies operated in 32 villages. The members take their milk to a dozen centres where societies turn the liquid into *khowa*. Nine hundred and seven maunds of *khowa* were prepared out of 3,628 maunds of milk and the society made a net profit of Rs. 383-8. Over and above this more than 100 improved cattle have been already supplied to members.

Ghee Societies.—As a result of increase in Government grant from Rs. 12,500 to Rs. 25,000, the ghee work is forging ahead. Societies rose from 392 to 607 and membership from 9,301 to 12,579. There are six ghee sale unions one each at Meerut, Bulandshahr, Agra, Etawah and two at Mainpuri. Of the number, 546 societies are affiliated to the ghee sale unions referred to above. In view of the increasing facilities for adulteration afforded by vegetable ghee shops, suitable measures for testing of ghee have been taken, more particularly in Etawah where the work is heaviest. The societies there seal the tins in a manner that prevents adulteration in the course of transit. A few unions use only refractometers. The sales amounted to Rs. 2·15 lakhs yielding a profit of Rs. 50,361. Bonus paid to members amounted to Rs. 8,501. Efforts are afoot to open an agency at Calcutta for the Etawah ghee. The question of evolving a distinctive brand for co-operative ghee is under consideration.

Cane Supply Societies.—There are 66 central cane supply unions of which Gorakhpur claims the largest number, namely, 26. Of the primary societies again which count 839, Gorakhpur has 332. The primaries are mostly affiliated to central organisations which transact most of the work on their behalf. It is expected that decentralization will come off as soon as practicable. Excluding the figures for the Eastern Range which are not available, 1010·33 lakhs maunds of cane were supplied to factories during the year. The percentage of supplies came to 88·37 in the Western Range and 74·2 in the Central.

Womens' Societies.—There are 70 registered societies with a membership of 1,885 working in the Province. Thrift deposits amount to Rs. 6,791. There were 6 lady supervisors in charge of the work during the year. In order to improve the knowledge of the staff, a refresher class was held at Lucknow for about a month and a half towards the close of the year. Lectures were delivered on co-operation, domestic science, maternity and child welfare, first-aid, hygiene and girl guiding. Recently a lady organizer has been appointed to improve the supervision of these societies. Compared with the Punjab, this Province is far behind in this line of activities.

Housing Societies.—The number remains unchanged at 21. Land including a garden and a bungalow measuring 16·28 acres was purchased at Jhansi for Rs. 18,000 during the year. Forty plots were demarcated. The development scheme included construction of a 20 feet wide road running round and through the tract, which is under construction. The Agra Society completed construction of 8 houses. The work in the rest is either at a standstill or requires no particular comments.

Rural Development.—Compared with 1938-39 the progress made by better living societies run by the Co-operative Department showed on the whole commendable progress. Acreage under improved wheat and sugarcane rose from 1·11 and 1·0 to 1·22 and 1·29 lakhs. Meston ploughs in use rose from 5,323 to 8,511. The three-roller sugar mills and other implements showed similar increase. The number of new wells constructed increased from 1,000 to 1,449; wells with parapets shot up from 260 to 1,925. The medicine chests distributed were 3,053 against 2,640 in the previous year. The number of *dais* trained to undertake midwifery rose from 1,554 to 1,780. The adult schools dropped from 437 to 364 largely for want of financial support. The amount at the disposal of the Department is much too small to expand this line of work adequately.

Consolidation of Holdings.—Consolidation work is in progress in 12 districts, of which Bijnor and Saharanpur continue to top the list. The number of societies rose from 147 to 182. Fifteen supervisors are working as a result of the Government grant amounting to Rs. 13,100. The area consolidated during the year amounted to 11,064 bighas; the number of plots on repartition was reduced to 1/13th of their number. The total area consolidated so far is 77,672 pacca bighas. The number of plots on repartition has been reduced to more than 1/10th. With the enactment of Consolidation of Holdings Act our activities have not come to an end. As in the Punjab, consolidation under the Act and on co-operative basis will go on in different areas side by side.

The United Provinces Co-operative Union.—Of the total membership of the Union amounting to 121, 87 are ordinary members and only 11 additional. *Ex officio* and nominated members account for 16 and 7 respectively. Important banks and central societies are now nearly all in. While Government grant to the Union for credit work remained at Rs. 75,000, grant for special activities such as ghee, consolidation of holdings, marketing of agricultural produce and dairy work was raised from Rs. 53,540 to Rs. 75,468. The total amount of contribution from banks came to Rs. 1,03,731. The expenditure on supervisors alone of all kinds amounted to Rs. 2,17,582-2-9 with the result that the income fell short of the expenditure by Rs. 7,435.

Observations of the Registrar on Multi-purpose Societies.—The question of the formation of multi-purpose as opposed to single purpose societies has recently come to the forefront all over the country. While it is only proper that the scope of activities should be extended so as to embrace the outstanding economic needs of members, the limits should not be unduly stretched. The idea of turning co-operative societies into a sort of village republics charged with village administration and judicial work is full of obvious risks. We must not overrate the capacity of villagers. It can only grow by stages. The most handy combination is credit for all necessary purposes, supply of agricultural and domestic requirements of members and better living activities. As for sale and processing of agricultural produce, the ordinary village primaries should, as a rule, act as mere agencies to marketing unions which should be organized at headquarters of *mandis.* Opinion in the country is sharply divided as to whether such societies should be based on limited or unlimited liability. We have already switched the liability from unlimited to limited in a number of cases, but it would be best to stop at this stage and see how societies re-act to this change. From the point of safety, another alternative is to have both kinds of liability—unlimited for loans and limited for the rest.

COORG

Review of the Chief Commissioner of Coorg, on the Report of the Registrar of Co-operative Societies, Mr. K. T. Uthappa for the year ending 30—6—1940:—

The co-operative movement is improving in general in all its aspects in spite of the unfavourable monsoon conditions which had bad effects on paddy, coffee, orange and cardamom cultivation. The ryots also suffered to some extent on account of cattle mortality due to rinderpest and other diseases. Eleven new societies of different types were registered during the year while the registration of one was cancelled. 271 revenue villages out of 274 are at present served by the co-operative movement. The number of membership stood at 20,724 against 19,986 in the previous year. There was an increase in the share capital, reserve fund and working capital. The amount of loan granted to individuals increased from Rs. 3,11,181 to Rs. 3,98,306 and the percentage of collection from 56·45 to 59·39. The net profit earned was Rs. 34,364 against Rs. 33,346 in the previous year.

The Coorg Co-operative Central Bank is progressing steadily after the unfortunate crash of the Travancore National and Quilon Bank Ltd. A sum of Rs. 13,658 has been received as a dividend of 5 annas in the rupee from the liquidators of the defunct Bank. There was an increase in the membership, paid-up share capital, working capital and reserve fund of the Central Bank, but there was a decrease in the net profits. The percentage of collections also increased from 62·64 to 74·49. The work of the Supervision Board attached to the Bank is progressing and collection work has much improved as a result of amendment to the by-laws of the Bank to the effect that supervision fund will be a first charge on the amounts paid into the Bank by Societies. Considering the general trend of the world money market, it would be well if the Directors of the Bank reduce the rate of dividend from 8¼ per cent to a maximum of 6¼ per cent.

The Debt Conciliation Board formed from among the members of the Central Bank have continued to do good work in scaling down the debts during the year. A separate Debt Conciliation Board has been constituted under the Coorg Debt

Conciliation Act, 1940 (Coorg Act No. II of 1940) which will commence work from 1st January 1941. It is hoped that this Board will do more efficient work in the direction of scaling down the debts.

There was a slight increase in the number of **affiliated societies**, their working capital and number of members. Two agricultural credit societies were registered during the year. There was an appreciable increase in the amount of loan advanced to members and the percentage of collections also rose from 42·81 to 50·64 in these societies. The amount of net profits earned during the year increased from 23,142 to Rs. 29,460. It is laudable to see that some societies are spending their dividend and common good fund amounts on schools, construction of bridges, roads and village-cum-halls.

Some of the well-worked societies, such as Karmad, Betoli, etc., are being converted into multi-purposes societies by amending their by-laws and have done some work in the direction of joint purchase of household requisites and joint sale of paddy through the nearest loan and sale societies. Intensive propaganda has been carried on all over the province to impress on the co-operators the utility of multi-purpose societies.

Six **grain banks** were registered during the year and the registration of one society was cancelled. The work of these banks is generally satisfactory.

The working of the **non-agricultural societies** is on the whole satisfactory. Two new loan and sale societies, viz., Mercara and Bhagamandla cardamom loan and sale societies were registered during the year. As the Bhagamandla society did not function well, it is proposed to amalgamate it with the Mercara society. The number of members in the cardamom loan and sale societies was 57 and the share capital of Rs. 371. 20 candies of cardamom were deposited by members and the advance made to depositors was Rs. 7,645. The commission earned was Rs. 406.

The Honey and Wax Producers' Co-operative Society is doing good work in selling the honey and wax produced in Coorg throughout India. It opened a sale depot at Bombay in last November with a view to push through the trade in the up countries. But this was closed soon as the business turned out fell short of expectations. The distribution of honey in Bengal, Bombay and other principal centres in Northern India is entrusted to a reliable agent. Owing to these new ventures the society suffered a loss of Rs. 1,896. It is encouraging to note that the art of apiculture is improving under the auspices of the society.

The Milk Supply and Hides and Skins Co-operative Society is doing good work. The membership and share capital have increased. Government gave a loan of Rs. 700 in March last to further the activities of the society. But the society worked at a net loss of Rs. 346 mainly due to the fall in the price of hides and skin.

The working of other types of societies, viz., Lantana eradication societies, Better living societies, etc., were generally satisfactory. 47 acres of original growth and 263 acres of regrowth of lantana were removed by the former types of societies. The anti-malarial societies did not do any appreciable work during the year. Attempt should, however, be made to rehabilitate these societies with the collaboration of the Public Health Department.

A new type of society, namely, the Sanivarsanthe Rising Star Thrift Society, was started on the 24th May, 1940, for encouraging thrift among the younger

folks, with a membership of 57 boys of ages ranging from 10 to 20 years. This is the first time a thrift society of such a kind has been brought into existence. The total savings of the society amounts to Rs. 271-3-7. The Central Bank gave a free grant of Rs. 20 to augment the funds of this tiny institution. It is hoped that co-operators will come forward to form more societies of this type in other centres, ere long, as thrift is the very foundation of co-operation.

The following are the concluding observations of the Registrar :—

The progress of the movement in all directions is a matter of satisfaction to all the co-operators of the province. There has been marked improvement in membership, working capital and the recoveries of loans. Even in the non-credit side, the movement has made appreciable progress. The popularity and utility of the movement have been recognised by all classes of people. We cannot, however, rest content with the progress so far secured. We have to march ahead and rouse a thorough co-operative consciousness among the rural and urban, male and female population of the province, so that all money transactions, production and sale of all products in Coorg may eventually be carried on through co-operative institutions.

CO-OPERATIVE CONFERENCES AND MEETINGS

SUMMARY OF THE PROCEEDINGS OF THE XX MADRAS CENTRAL BANKS' CONFERENCE, MADRAS, 20th July 1941

The 20th session of the Conference of the Central Banks in Madras was held on Sunday the 20th July 1941 at the premises of the Madras Provincial Co-operative Bank, Ltd., Madras.

Welcome Address

In the course of his welcome address Mr. K. Seetharamiah Pantulu, President, The Madras Provincial Co-operative Bank, said that the Bank had been considering during the past two months the problem of the enormous sums it had been lending to the Central Banks for Loan and Sale Societies and it was feeling that the time had come when it should have its own inspectors to implement the work done by the staff employed by the Central Banks in regard to their transactions with the Loan and Sale Societies. He laid stress on the necessity of insuring the produce pledged and taking other precautionary measures to ensure security to the lender. He drew attention to the disparity between the loans granted against pledge of produce and ordinary seasonal loans to credit societies. In the year 1940-41, Rs. 92·12 lakhs were lent against produce while only 27·64 lakhs were disbursed as ordinary loans. He said that it affected the finances not only of the Provincial Bank but the Central Banks also by leaving idle funds for a portion of the year while there was rapid turnover in the rest of the year. He advised Central Banks to take stock of the situation in time and do their best to maintain due proportion between these loans. He dealt at length with the Reserve Bank's Circular regarding Remittance Facilities and requested the Registrar to take up the question with the Government and secure the same concession as the local Government of C.P. and Berar obtained for free remittance facilities for bonafide co-operative purposes for a period of three years.

The following are the resolutions passed at the Conference:—

This Conference resolves to request the Madras Provincial Co-operative Bank to lend short term loans repayable from the proceeds of next harvest or within one year as the case may be, and to lend medium term loans ordinarily for 3 years and in exceptional cases for periods of five years.*

This Conference also resolves to request the Government to amend the intended draft amendment published in G.O. 1195 in Fort St. George Gazette, dated 3rd July, 1941 accordingly.

2. Resolved to request the government that they should bear the remittance charges which the Reserve Bank now demands from Co-operative Societies for affording such facilities in future.

* Speaking on this resolution, Mr. T. A. Ramalingam Chettiar, President, The Central Co-operative Land Mortgage Bank, observed that Land Mortgage Banks were not intended for ordinary agricultural credit and that they could not help the ryots for requirements under ten years.

3. Resolved that the Registrar of Co-operative Societies, Madras, be requested to move the Government and obtain necessary sanction for the Central Banks to include the undrawn portion of their cash credit accounts with the Madras Provincial Co-operative Bank in their resources against their outside liabilities.

4. Resolved that in view of the fact that the Supervision Fund of some of the districts is hardly sufficient to maintain the staff of such banks necessary for supervision of their societies and that as these Central Banks are meeting the deficits with great difficulty from out of their general funds, the Provincial Bank be requested to meet at least a portion of the amounts spent by the Central Banks, in this behalf.

5. Resolved that the Provincial Bank be requested to grant loans on forecast basis to Central Banks, with due safeguards and under conditions to be settled by the Executive Committee of the Provincial Bank, for financing ordinary societies so as to make money available to the borrowers in time.

6. Resolved that the Government be requested to remove restriction placed on investment of local boards' deposits with the Central Banks.

THE SECOND CONFERENCE OF THE INDIAN SOCIETY OF AGRICULTURAL ECONOMICS HELD AT LAHORE ON 12TH AND 13TH APRIL, 1941

Rural reconstruction was the theme of the presidential address by Sir T. Vijayaraghavacharya, K.B.E., at the Conference. In its widest sense rural reconstruction, he said, includes all that a Government can do to ensure prosperity in rural areas, and particularly every effort it can make to redress the balance between town and country. In a slightly narrower sense, it includes all those activities which tend to increase the health and the income of those who live in villages and isolated homesteads, whether through the increase of facilities like education, communications, irrigation, credit and justice, or through the provision of particular assets like wells and schoolhouses, or through measures to check the operations of adverse forces, as in legislation for the relief of debt.

Need for Co-ordination.—The best work appears to have been done in countries where the co-operative society served as a link between the will to self-help through honesty and industry of the individual and the special knowledge and ability of outside experts. In the Punjab, the United Provinces and Bombay, the aim is to bring the efforts of the specialist departments to a focus in the village society by co-ordinating the policies of the departments at the centre and the activities of their officers in the districts and multiplying village societies of a suitable constitution and adequate enthusiasm. In many provinces there is a need for the greater co-ordination of expert departments, particularly those 'development departments which are immediately concerned with the welfare of the agriculturists.' This co-ordination is secured by the appointment of a single officer or of a committee.

Role of Co-operation.—The appointment of 'village guides' to serve as a link between the rural population and the officers of development departments has been advocated. The proper organization to awaken the enthusiasm and mobilize the energies of villagers is the co-operative society, if activity can be voluntary, and the panchayat if a minority has to be compelled in the interest of the villagers as a whole. There is no need to multiply co-operative societies; joint work, joint responsibility and joint security are the contributions of co-operation to village welfare, and they can be secured for various purposes by a single organization. The business ability of the villager being limited, there should be paid secretaries for the larger societies, and village guides for every village. There is a great variety of useful enterprise which the societies can undertake, but there is no reason why a society should not make a wise choice of activities and gradually develop them into enduring improvements.

Agricultural over-population.—There are a number of outstanding problems which have to be tackled. The first is that several provinces suffer from a deficit of food crops. It is necessary for example to make the rice-eating provinces self-sufficient in respect of their food supplies without giving up industrial or money crops. This is possible through scientific research, intensive farming, improved seed, increased manure, extension of area under cultivation and new irrigation projects. One result of the increase in population (probably 400 millions at the recent census) is increased pressure on land for cultivation purposes. Most provinces suffer from agricultural over-population. Remedies suggested are emigration, industrialization, subsidiary industries, nationalization and agricultural colonization. The chief difficulty in colonization schemes is the want of definite knowledge about the extent and nature of the land fit for agriculture, but still unoccupied.

Another aspect of the rural problems is cattle insurance. Both from the point of view of cattle products and cattle labour, cattle are of great importance. The amount of capital invested in cattle is considerable and the ryot who loses his cattle by disease or other misfortune is frequently unable to replace them. One of the ways to provide against cattle mortality is insurance. The experiment in cattle insurance in Madras in 1919 was a failure. In Burma, out of 219 societies on paper, only six were active in 1938. Cattle insurance is one of the most difficult forms of co-operative effort. Firstly, statistics relating to cattle mortality are necessary to assess the actual premium rates, but they are not available. Secondly, the ryot should keep animals well and in good condition. The average quality of cattle is poor and insurance of cattle is not worth-while except in the case of pedigree stock, but in their case too the risk of loss through disease is great. Thirdly, there should be an organisation for the prevention and control of contagious diseases, and veterinary aid should be easily accessible and properly regulated. The insurance of cattle cannot be worked satisfactorily through private enterprise in existing conditions; the state alone can attempt a venture of this kind even as an experimental measure.

Problems discussed.—Khan Bahadur M. Afzal Hussain was the Chairman of the Reception Committee and extended a welcome to the delegates and members of the society. The Hon'ble Sir Manohar Lal, Finance Member in the Punjab Government, inaugurated the conference. A number of papers discussing rural problems such as the place of the village artisan in India's rural economy, co-operative marketing of agricultural products, the necessity of a producers' organization for developing the ghee trade in the Central Provinces, agrarian banking in India, moneylending legislation, factors affecting the price of rice, the war and agricultural prices, and crop planning were read and discussed. A special feature of this conference was that a number of prominent agriculturists and literate grantees took part in the proceedings.

The next Conference will be held in Poona during the Christmas holidays. An Executive Committee consisting of the following was then elected:—

President	..	Sir T. Vijayaraghavacharya
Vice-President	..	K. B. Mian Afzal Hussain, Dr. Sam Higginbotham, Dr. P. J. Thomas.
Honorary Secretary	..	Mr. S. K. Bedekar
Honorary Joint Secretary	. ..	Dr. M. B. Ghatge

Members

Dr. E. D. Lucas	Sardar Sahib S. Kartar Singh
Dr. A. I. Qureshi	Mr. D. R. Gatgil
Dr. B. K. Madam	Prof. J. S. Guleri
Dr. R. K. Mukherji	Prof. I. M. Kapur.
Dr. T. G. Shirname	

—*Indian Farming*, July 1941.

EXTRACTS

CO-OPERATIVE HANDLOOM INDUSTRY IN BENGAL

By

P. G. Sen,

Assistant Registrar of Co-operative Societies, Bengal.

Prior to the scheme sponsored by the Government of India for the improvement of the handloom industry, the Co-operative Department of this Province had brought into being several Co-operative Industrial Unions at some of the important weaving centres where the credit movement had found a footing with the identical object, but without the initial backing by the State in the outright grants—so essential for their successful operation—by providing the requisite expert technical advice, improved appliances, measures for standardisation of their products and marketing facilities. These Unions were managed by the non-official co-operators who were more or less associated with the credit movement. Having very little business experience and technical skill, these Unions generally worked as financing agencies of the weavers. It was not possible for these organisations to make any impression on the textile market owing to the products being below standard in quality but higher in price.

It was thought expedient that all the local weavers within the area of operation of these Unions, within or outside the movement, should first be properly organised and trained in the latest methods of weaving and dyeing before undertaking production for commercial purpose. Warned by past experience, the Department therefore first took up an elaborate programme of training in order to prepare the field for future production according to proper marketable standard by stimulating the productive activities of the demoralised weavers.

The annual grant from the Government of India was allotted to the Unions from 1935—36 according to the capacity of each Union and society to utilise them to the fullest extent. The distribution of the grant was made from year to year as the Department had to satisfy itself that the initial training and demonstration had the desired result and that the recipients were fully prepared and made fit to keep the constituent weavers fully and properly employed, and that the subsidies would and could be actually applied to such an extent and degree as to lead these Unions and Societies towards becoming self-supporting in the near future. The following table (A) will show the amount of grant available for demonstration and distributed during the years 1935—36 to 1939—40, as also the progress made in imparting training and demonstrations.

TABLE A

Year.	Amount received for demonstration	No. of demonstration looms and appliances supplied.	No. of demonstrations given	No. of weavers' received training*
	Rs.			
1935-36	4,400	15 Jacquard & semi-automatic looms	71	286
1936-37	..	20 Jacquard & semi-automatic looms	373	2,206
1937-38	..		665	2,322
1938-39	3,500	10 Automatic looms	742	2,144
1939-40	2,600	15 Automatic looms	820	1,684

* Each year's figures include the common weavers who attended the training centres for more than one year.

Out of Rs. 2,830 spent for the purchase of dyeing equipments, small scale dyeing factories have been started at Bankura, Alamdanga, Naogaon, Chowmohani, Dum Dum and Nalta.

A good deal of preliminary work had to be undertaken to reorganise the weaving industry on a productive footing and a good portion of the grant to be spent on propaganda, demonstration and training. An analysis of the Government grant of Rs. 2,92,677 spent up to the year 1939-40 would reveal that 15·7 per cent of the total grant had been utilised in providing the Unions with working capital, 18·3 per cent for machinery, and equipment, 10·4 per cent for propaganda and marketing, 25·6 per cent as grant to Bengal Home Industries Association and the rest for the maintenance of a technical staff and meeting the cost of establishment, which worked out as 30 per cent of the total grant.

The total number of weavers forming the primary societies on 30—6—'40 was roundly 6,000, out of which 3,500 members have gradually availed themselves of the facilities offered by the scheme.

The total value of raw materials supplied to the weavers through co-operative societies and Unions and utilised each year is shown in the following Table B.

TABLE B

Year.	Value of raw materials consumed. Rs.	Value of finished goods sold.* Rs.
1935-36	38,946	57,745
1936-37	48,781	68,869
1937-38	42,882	66,449
1938-39	41,515	87,022
1939-40	73,807	140,249

* Includes goods produced from yarn obtained from other sources.

The raw materials are supplied to the Union by the Provincial Society according to demand which varies with the season. The finished products of superior standard are generally disposed of through the Provincial Society at the Calcutta market and the coarser textiles are consumed locally. It may be noted here that the improved varieties of textiles are produced according to the specifications of the Provincial Society under the direct supervision of the hand loom staff attached to every Union and provided out of the Government of India grant. The extent of raw materials supplied and goods sold by the Provincial Society is indicated in the Table C below.

TABLE C

Year.	Value of goods sold.	Value of materials supplied.	Value of order secured by M.O.	No. of designs introduced by Desr.
	Rs.	Rs.	Rs.	
1935–36	55,000	23,745	14,038	40
1936–37	48,944	15,000	15,013	120
1937–38	49,910	1,443	19,521	150
1938–39	53,176	2,098	27,600	150
1939–40	55,238	8,142	—	110

It is, however, apparent from the statement that since the initiation of the scheme the Unions have been able to keep the weavers increasingly employed and that the production has multiplied at least twice at the close of 1939-40.

The textiles woven for local consumption were chiefly coarse napkins, mosquito nets, saris, chaddars, and in certain areas, lungis used exclusively by the rural people. Dacca and Bagerghat were the only centres which could produce textiles used by the classes. But these could hardly make any headway against the finer and the cheaper mill-made fabrics. The handloom staff employed out of the Government of India grant therefore began with training the weavers in using the improved appliances and producing finer fabrics not only in their old lines but in new varieties as well. The Designer attached to the handloom staff has so far introduced 570 new designs out of which 450 have been successfully adopted, and the Weaving Experts have assisted the local weavers in producing them according to the specifications supplied by the Marketing Officer. By the use of the improved appliances, where introduced, and the assistance of the Weaving Supervisors in the producing centres included in the scheme, the weavers have now been able to sell their finished products at local markets and at Calcutta through the Marketing Society without any difficulty. The cost of production having become lower than before and the quality up to standard, there is no longer any dumping of unsaleable goods either with the Unions or the Provincial Society. The Bagerhat Union has been supplied with a sizing and calendering machine and has thus been enabled to produce attractive textiles at a much lower cost than before, when they had to use mercerised yarn to secure the requisite degree of finish at a much higher cost.

The question of the supply of yarn at the cheapest possible rate has assumed considerable importance in view of its tremendous possibilities in determining the cost of production. At present yarn is purchased at wholesale rate by the

Provincial Society and the Unions from the Calcutta dealers and distributed to the primary weavers at cost price plus the actual transit charges. By this arrangement the weavers have got the benefit of the margin between the wholesale and the retail rate, which comes to about three to five per cent. If the Provincial Society and the Unions were enabled to obtain their supply of yarn direct from the mills by eliminating the chain of middlemen already in possession of the market, the handloom industry will develop by leaps and bounds. The project requires a very large capital and needs careful attention with the other aspects of the main question of revival of the handloom industry.

These Unions were at the time generally working at a loss and a substantial portion of their capital was frozen. This position was mainly due to an extremely unsatisfactory productive capacity of the weavers and want of an expert staff on the spot to assist in and supervise production on business methods. The Table D below shows separately the amount of share capital, borrowed capital and its sources, Government grants or advances on account of working capital received, by the Unions and societies.

TABLE D

Name of Union.		Paid up Share Capital.	Loans and deposits held at the end of 1938-39. Prov. Govt.	Others (including Prov. Co-op. Bank)	Working capital from Govt. of India grant.
		Rs.	Rs.	Rs.	Rs.
1. Prov. Society	..	5,050	28,750	....	20,000
2. Alamdanga (recognised)	..	56	....	....	4,000+2,000
3. Bankura	..	10,383	....	40,196	4,000
4. Dacca	..	1,11,156	....	4,38,878	6,000
5. Chittagong (recognised)	..	130	....	....	3,000
6. Chowmohani	..	8,316	....	52,106	1,000
7. Naogaon	..	5,850	....	2,65,553	2,000
8. Nalta (Est. in 1938)	..	520	....	5,000	2,500
9. Dum Dum (Est. in 1938)	..	86	....	2,044	3,386
10. Bagerhat	..	92,521	....	97,197	....
Old	..	59,799	Old	..	67,197
New	..	32,722	New	..	30,000

In regard to the possibilities of the weaving societies or Unions raising their capital independently of Government grants and advances, the Table D above shows that associations were able to secure the requisite working capital but could not utilise the same successfully owing mainly to the difficulties mentioned above.

So long these abnormal conditions persist, these societies will have to depend largely on the subventions by the State for their future operations.

In distributing the Government of India grant, the possibilities of each union for future improvement were carefully kept in view and those which were considered to be hopeless of recovery were left out of consideration. As a matter of fact, the Dacca, Chittagong and the Alamdanga Unions were wound up for these reasons and so far, three new unions were formed in these localities for operation with a clean state. It is therefore gratifying to place on record as a result of the business done with this grant, no loss has been incurred any where and consequently no bad debts.

The Bankura and the Bagerhat were the two typical producers' unions and had already made a name in the market but nevertheless worked at a loss. The largest number of looms were supplied to the members of the Bankura Union and are being worked properly under the supervision and guidance of the local handloom staff. The Bagerhat Union which has worked on a factory basis has been provided with a sizing and calendering plant, as it is the only Union at present which can utilise them with profit.

In all the areas taken up by the handloom staff the local weavers have retrieved their lost craftsmanship and are beginning to appreciate the benefits of co-ordinated production. There is, therefore, no doubt that the new movement has started well but in view of the uncertainties of the present market and growing competition outside, it needs careful piloting for another term so that the newly revived industry can hold its own independently. In order further to accelerate the progress, operations involving a larger capital outlay and the application of improved weaving appliances on a more extensive scale are called for. When these are made available, all the Unions and societies can be expected to be self supporting in another five years, though the maintenance of the special st..ff and assistance of improved appliances will have to be continued further, according as the position at that time will justify.

The total amount made available so far out of the Government of India Grant for the supply of improved appliances was Rs. 10,500 exclusive of Rs. 19,000 for two sizing and calendering plants. The former amount was utilised in supplying improved looms and appliances to weavers on hire purchase system at a cost of Rs. 75 each, repayable in two years. So far, 93 improved looms have been supplied under this arrangement among the weaver members in Dacca, Bankura, Naogaon and Alamdanga areas and also to the Women's Co-operative Industrial Home, Nalta Co-operative Industrial Union and Dhanikhola Milan Samaj at Mymensingh. Besides, the Bagerhat, Naogaon, Alamdanga Unions and the Women's Co-operative Industrial Home have each an annexe for weaving demonstration as a permanent feature where 4 to 10 improved looms have been installed for the benefit of the weavers. And finally looms have been allotted to such weavers as have been fully trained in their use in areas where finer textiles are produced.

It may be mentioned here that in this Province the quality of fabrics varies in different producing centres, and while some weaving centres are reputed for finer fabrics, other areas have scrupulously adhered to weaving coarse textiles for several generations. The distribution of improved looms was thus restricted for the time being to areas where the weavers actually produce, or could easily be trained to produce, improved varieties of fabrics with such looms.

—*The Bengal Co-operative Journal.*

EXTRACTS FROM THE REPORT OF THE SUB-COMMITTEE ON THE HANDLOOM INDUSTRY

(Appointed by the Madras Handloom Weavers Provincial Co-operative Society,* 6—1—1941)

The Government of India Scheme.—The handloom industry in this Presidency received an impetus under the Government of India Subvention Scheme introduced in the year 1935. Prior to the introduction of the scheme, there were only 39 weavers' societies in this Presidency. All of them except two (Coimbatore and Salem) were merely credit societies and even these two survived on account of the subsidies placed at their disposal by the Government of Madras. With the help of the subsidy granted, the Provincial society has organised production and sale and the progress made during the quinquennium is given below:—

	1935-36	1936-37	1937-38	1938-39	1939-40
1. No. of primary societies affiliated to the Provincial society at the end of the year ..	43	62	97	143	165
2. No. of members ..	2,538	3,735	6,253	9,054	10,935
3. Paid-up Share Capial Rs.	40,394	47,009	73,934	1,04,095	1,27,400
4. Value of finished goods sold Rs.	1,00,074	2,44,245	5,65,216	8,39,063	10,33,026
5. (a) Net profits earned by some societies Rs.	2,320	3,172	10,672	18,554	34,321
(b) Net loss incurred by other societies Rs.	7,012	7,481	10,270	32,856	33,584

*On the last day of the co-operative year 1940-41, there were 327 members on rolls of the society, 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—1940. During the financial year 1940-41 a subvention of Rs. 98,888 was drawn by the Society and a sum of Rs. 92,687 was spent. On 30—6—41 there were 12,843 members in the primary societies with a paid-up share capital of Rs. 1,48,443. The sales effected by all the affiliated societies during 1940-41 was Rs. 12,24,136 against Rs. 10,33,026 during 1939-40.

Progress not satisfactory.—The progress, though steady, cannot be considered to be satisfactory. A sum of Rs. 3·25 lakhs was spent from the Government of India grant up to 1st January, 1941 but the number of looms benefited was only 5,257, an insignificant fraction of the total looms in the Presidency, which number 2,50,000. Judged by the sale of cloth manufactured and sold, the results cannot also be said to be encouraging. The total value of cloth sold up to 1st January, 1941, viz., Rs. 33·61 lakhs, is hardly 10 times the subsidy spent. A glance at the statement showing the financial position of the societies reveals the drawbacks in the working of the societies. The balance sheets of 72 societies disclose a loss aggregating to Rs. 33,584 at the end of 1939-40. The share capital of 98 societies is still below Rs. 500 and only 17 societies have built up reserve fund exceeding Rs. 100. In 73 societies the number of looms is less than 25.

Revival.—In the case of societies which have 60 looms and more, we suggest that a Junior Inspector of the Co-operative Department may be deputed to work as Secretary. The cost of each Inspector (revised scale) is about Rs. 60 per mensem and it can be met from the subsidy of Rs. 60 granted to these bigger societies. 20 societies of this class are in a position to employ Junior Inspectors as paid Secretaries. Into the next category fall 23 societies with looms between 40 and 60. Competent non-officials may be appointed as paid Secretaries on a salary ranging from Rs. 40 to Rs. 50 per mensem. As regards the societies working with looms between 25 and 40, whose number is 47, Managers may be appointed on a salary of Rs. 25 to Rs. 30.

Organisation of new societies.—In view of the fact that a considerable number of big weaving centres are not served by Co-operative Societies, we recommend that fresh societies may be organised wherever possible. The total number of looms in the several districts of the Province is Rs. 2,97,229. The number of Co-operative Societies at present working is 163 and the number of weaving centres with 200 or more looms where there are no Co-operative Societies is 114.

Conditions to be fulfilled.—We are of the opinion that as a rule no new society should be organised with less than 50 looms in urban areas and 25 in rural areas; a minimum share capital of Rs. 750 in urban and Rs. 375 in rural areas should be forthcoming before starting societies.

FINANCE

A careful examination of the problem forces on us the conclusion that want of finance is to a large extent responsible for the present unsatisfactory state of production. A loom on an average produces goods worth Rs. 30 per mensem and the 5,257 looms at work in the societies during the year 1939-40 should have therefore, produced goods worth about Rs. 19 lakhs, while actually the value of goods produced was only Rs. 10·03 lakhs. It is for this reason that a member now generally gets work only for about 16 days in a month. Even this would not have been possible, but for the assistance given by the mills which supply yarn on 60 days credit. The process of converting yarn into finished goods and selling the stuff ordinarily takes 4 months. A weaver with one loom, therefore, requires on an average an advance of Rs. 120 during the 4 months in the shape of yarn and wages. In other words, even the limited number of 5,257 looms now at work, require a minimum capital of about Rs. 6·30 lakhs. As against this, the Provincial society

and the primaries have been able to mobilise only about Rs. 3·08 lakhs, including the loans given by the Central Banks to the primaries as shown below:—

		Rs.
1.	Paid-up share capital of the Provincial society ..	41,930
2.	Advances from Government ..	30,000
3.	Loans due to the Central Banks ..	1,34,294
4.	Paid-up share capital of primaries, after deducting the share capital invested outside ..	1,02,504
	Total ..	3,08,728

It is mainly for want of adequate finance that the weaver starves for a fortnight in a month.

Share Capital.—The paid-up share capital of the Provincial society and of primaries should be increased. Although the authorised share capital of the Provincial society is Rs. 5 lakhs, it could collect so far only Rs. 42,535. The Provincial society should, therefore, raise its share capital to Rs. 2 lakhs within a period of 6 months.

In the case of primary societies, the present paid-up share capital of Rs. 1,27,400 is not adequate. At the rate of Rs. 25, which will entitle a weaver to borrow the money required to work a loom, i.e., Rs. 120, the share capital of the nearly 11,000 members of the societies should be about Rs. 2,75,000.

Borrowings.—The Madras Provincial Co-operative Bank has given to the Provincial society an advance of only Rs. 25,000 and even this on the charge of the floating assets. The Provincial society is even now eligible to borrow more than 2 lakhs of rupees. Similarly, the Central Banks should also finance the weavers' societies to a reasonable extent. Financial assistance from the mills should be obtained in the shape of yarn on a much larger scale.

The financial needs of the handloom industry may be summed up under 3 heads:—

(a) money required for raw material,

(b) wages,

(c) financial accommodation till the goods are marketed. As a rule, weavers' societies should look to the local Central Banks for finance. There is at present some justifiable nervousness on the part of the Central Banks. The Central Banks will, however, sanction loans to societies on the basis of their owned capital up to the limit laid down in their by-laws, if they are run on proper lines.

PRODUCTION

Standardisation.—We are of the opinion that production should be regulated by the Provincial society in order to ensure uniformity regarding texture, colour, etc. This will, to a large extent, facilitate standardisation and in addition enable Provincial society to regulate the supply in relation to demand.

Cost of production.—The Government of India scheme aims at bringing down the cost of production to facilitate the marketing of handloom fabrics. Raw material should be purchased at wholesale rates. The weavers should be paid reasonable wages, with due regard to local rates, workmanship, etc. Payment of daily wages should be discouraged and wages on a piece-work basis should be paid. Care should be taken to prevent wastage and pilfering.

Finishing.—We are of opinion that handloom cloth requires finishing if it is to penetrate markets and compete with mill products. Some varieties like shirtings, coatings and dhoties in particular require bleaching and calendering.

Purchase of raw material.—As cotton yarn constitutes the bulk of the requirements of the handloom weaver, its purchase should be regulated with great care. At present, the Madura, Pankaja and Pandalapaka mills have been supplying yarn to the societies and allowing credit up to 60 days.

Sometimes the societies have to pay a higher price for the yarn purchased direct from the mills on account of the reduction effected by yarn merchants. In order to remedy this, the markets should be closely watched and the requirements of the societies purchased from the yarn merchants themselves when they sell at cheaper rates.

Dyeing Factories.—One of the defects noticed in the co-operative handloom industry to-day is in regard to the colours used. In some cases, colour fades quickly and this creates a very unenviable position in the market for the products of the weavers' societies. In their scheme the Government of India have provided for starting a dyeing factory in this presdiency.

MARKETING

Emporiums.—The Provincial Society has in the past made some attempts to market the cloth produced by primaries, and has opened 8 sales emporiums, 2 in Madras and one each at Calicut, Trichinopoly, Rajahmundry, Vellore, Bezwada and Bellary. They sold goods during the last 4 years ending on 30th June, 1940 to the value of Rs. 3,14,805 and incurred a total expenditure of Rs. 27,296. For every rupee worth of cloth sold, the Provincial society incurred an expenditure of 1 anna 5 pies, excluding the commission allowed to emporiums on their sales. The marketing of cloth through the emporiums has thus been a very costly affair. They should, therefore, be reorganised.

Sales through merchants.—It is needless for us to observe that the Provincial society should have an efficient marketing organisation. The question to be considered in this connection is whether the Provincial society should undertake the marketing of goods through its branches and agents or requisition the services of wholesale merchants to market finished products. That our present methods have not been a great success is explained in the preceding paragraphs. The Government of India scheme does not exclude dealings with wholesale dealers of cloth. In fact the figures for the year 1939-40 disclose that cloth to the value of Rs. 2,37,238, or roughly 25% of the total production, was actually sold to merchants in this Presidency. We are told that there is some difficulty in entering into a suitable working agreement with business houses. Any wholesale dealer of repute would

insist on regular supplies of goods and it is to ensure this that we have suggested that the entire production should be controlled by the Provincial society. When the business of the society is remodelled on the lines indicated in this report, we do not anticipate any great difficulty in meeting the reasonable demands of merchants.

Terms of Agency.—We recommend that wholesale merchants may be approached to market the handloom cloth on the following conditions:—

(1) The wholesale dealer should guarantee the sale of cloth to a specified extent;

(2) He should be paid a reasonable commission;

(3) He should also be given an office allowance in proportion to the business guaranteed;

(4) He should offer adequate tangible security or banker's guarantee;

(5) The account of merchants in so far as they relate to the sale of cloth be open to inspection by the officers of the Provincial society and of the Co-operative Department.

It is not only the merchants that should be offered these facilities, the sales societies, stores and big Urban Banks should also be invited to market the goods of Co-operative societies on similar conditions.

Outright purchases.—Unless the circumstances warrant it, outright purchases should not be encouraged. When it is proposed to embark on large-scale business, goods have to be supplied to wholesale merchants, local bodies and other institutions according to their requirements, previously agreed upon. The primaries which manufacture cloth may sometimes find it a hardship to sell their stuff on a consignment basis when they are able to find a ready market. In order to ensure a regular supply, we are inclined to think that the Provincial society may sometimes have to make outright purchases. Such outright purchases should not, however, exceed 50 per cent of the paid up share capital of the Provincial society.

Marketing in Urban areas.—As a result of the experience gained in running the depots, more depots may be opened; the idea is that in 5 years every district should have at least one emporium. The cost of running these emporium should be met from their gross profits. A competent person with a practical knowledge of marketing, etc., should be placed in charge of each of these depots and called a Marketing Officer. In order to attract suitable men, a reasonable salary, not exceeding Rs. 100, should be paid to the Marketing Officer and he should be asked to guarantee sales to the value of on an average Rs. 10,000 per mensem. The Marketing Officer should also be the Manager of the depot and he should be assisted by one or two salesmen.

Marketing in Rural areas.—Large quantities of handloom cloth are sold in 'shandies' and it is, therefore, necessary to market the finished products of societies at such 'shandies'. Even assuming that on an average fifty rupees' worth of goods are sold at each of the weekly 'shandies,' whose number in the Prsidency is at least 250, the total sales would amount to Rs. 6½ lakhs. The services of the sale societies may be requisitioned for this. Arrangements may also be made in rural areas with the help of the local co-operative societies to distribute cloth on the indent system. Rural co-operative stores may be asked to stock and sell cloth. Co-operative stores for labourers can with advantage undertake the sale of cloth, as has been successfully done at Madura.

Subvention to assist marketing.—We have considered the suggestion that a portion of the subvention may be applied to subsidise societies which sell cloth on a large scale from approved societies and that a percentage of the Government of India subvention may be ear-marked to reduce the selling price, if necessary, of standard (or to-be-standardised) lines. A similar arrangement is in vogue in the Bombay Presidency; under the Government of India scheme, a provision of Rs. 2,000 a year is made for each of the bigger Industrial Associations to meet losses in working on account of bad debts, depreciation, etc. We are of the opinion, that this proposal can with advantage be given effect to. This is one of the most successful ways in which business has to be developed in European countries as well as in India by big business houses. The amount set apart for this will, of course, depend upon the availability of funds.

Supervision and control.—In order to run the scheme on sound lines, a large measure of control should be vested in the Provincial society. The Depots should be directly controlled by the Provincial society, which will also regulate production. It should not hesitate to refuse a subsidy to a primary society which does not carry out its instructions.

Special varieties—Lungies.—Lungies made from coloured warp and weft yarn are chiefly produced in the districts of Tinnevelly, Trichinopoly, Tanjore, South Arcot, Chingleput, Chittoor and Kistna. They are exported in large quantities to the Straits Settlements, Ceylon, the Federated Malay States, Java, Sumatra and Burma. The number of looms engaged in this Presidency in the manufacture of lungies or Kailies is calculated to be over 15,000. There are violent fluctuations in exports. The exports amounted to 35 million yards in 1923-24, but fell to 6·6 million yards in 1934-35; it has again risen to 28·6 million yards in the year 1939-40.

The chief cause for the decline in the export trade has been the competition of cheap Japanese power-woven lungies; it has also partly been due to heavy taxes on textile goods imported into the countries referred to above.

The merchants have agencies at important places of manufacture and supply yarn (including coloured yarn) to the weavers through agencies. In some places the raw material is distributed through the master-weavers. Wages are paid to them in advance and cloth is delivered to the agencies or merchants. These merchants at Madras export the goods to different places.

Madras Handkerchiefs.—Madras Handkerchiefs are produced from grey and coloured warp and weft yarns. These are chiefly produced in the districts of Madras, Chingleput, Nellore and Chittoor. They are first exported to London and from there re-exported to West Africa and the West Indies. The exports during the past three years are given below:—

Year.	No. of pieces of 8 yards each.	Value. Rs.
1937-38	1,412,949	51,31,247
1938-39	646,236	18,19,293
1939-40	778,634	28,17,048

A few firms in Madras have in recent years established direct business relations with firms in Africa. The fabrics are very popular among the Indians in West Africa, who use them as dhoties and headwear.

The firms in Madras which deal in handkerchiefs employ specialists as designers. The exporting houses do not afford continuous employment to the weavers throughout the year. During the slack season, the weavers are forced to drift for themselves or take to the production of some other varieties of cloth saleable in the local market.

Power-loom competition.—The principal exporting firms get their goods made through their agents who supply yarn to sowcars (middlemen). These middlemen undertake dyeing, warping, etc. and supply the warps to the weavers and take back the cloths by paying them wages for piece-work. There are also individual weavers who take the yarn direct from the exporters and supply the goods at certain contract rates. At present, Madras Handkerchiefs, plain, are supplied by the middlemen at rates ranging from Rs. 2-10 to Rs. 3 per piece of 8 yards x36". The wages required for winding, warping and sizing paid to the weavers are Rs. 2 to 2-8 for 2 pieces of 8 yards each.

Indent System.—We have considered how the goods produced by the Co-operative societies may be marketed and the best method we would recommend is the indent system. The Provincial Weavers' Society should arrange for the supply of goods on the strength of indents received from merchants. On receiving the orders of the exporting firms, the Provincial society will have to arrange for production within the prescribed time. Against possible losses which might arise on account of the fluctuations in the price of yarn, the Provincial society may on receipt of orders, enter into an agreement with yarn dealers for the supply of the required quantity at a specified rate. As soon as an indent is received, the Provincial society should purchase yarn and distribute it among the weavers, who would be required to produce cloth according to specification and receive wages for their labour. Before accepting the offer, the Provincial society should of course work out the cost of production and add a reasonable profit. Under the scheme there can be no over-production and the risk is comparatively negligible.

Education.—We consider that the work of bringing the younger generation of weavers under the influence of modern methods and of initiating them early into the use of improved appliances is of vital importance. The Industries Department with a view to disseminate a knowledge of improved methods of appliances started peripatetic weaving parties in 1913.

Experts on the Board of Management.—We have very carefully considered a suggestion made regarding the inclusion of experts in the Board of Management of the Provincial society. It has been pointed out that the business side of the Provincial society has not been properly developed and that one of the causes for this is the absence of a sufficient number of suitable businessmen and experts on the Board of Management. We entirely agree with this view and feel that a change in this direction is imperative.

EXTRACTS FROM THE MEMORANDUM SUBMITTED BY THE SOUTHERN INDIA CHAMBER OF COMMERCE, MADRAS, TO THE HANDLOOM FACT FINDING COMMITTEE

Present difficulties of the handloom industry and remedies.—Something must be done to prevent the huge waste of time which the weaver is suffering on various accounts. For obtaining yarn whether on credit or on cash, sometimes he has to go long distances and this occurs very often during a month. Then yarn is to be sized by himself and family, warped by himself and family and then the finished cloth is to be sold by himself and family. All these processes mean a lot of time wasted in going from one job to another at odd times. Instead of that if the handloom weaver is provided with readily sized and warped yarn and the finished products are taken over for sale by an organisation it would mean a great deal of saving in time and also money. Probably the introduction of electricity would make for greater saving in time, increase of production and lower the cost to the consumer. This would increase consumption of goods and probably avoid any unemployment that may otherwise occur. There is the added advantage of increased production and increased profit for the family which can then run more than one loom.

One important handicap of piecegoods is the high railway freight that is prevailing. Mills have the advantage of buying cotton in a big lot and selling cloth in a big lot, so that wagon load freight will be available to the mills while handloom weavers have to send small parcels at heavy cost. The cheap kinds of cotton cloth are classed along with costly woollen and artificial silk goods at 4B-R|R and 4-0|R. The Railways quote the above rates for pressed bales which are steel-wired or for goods packed in boxes and cases, while handloom cloth is mostly coming in gunny packages not pressed or steel hooped, and therefore are subject to the higher rates of 6A-R|R and 6-0|R so that the handloom product is handicapped by higher railway freight. Parcels booked by recognised institutions dealing in handloom cloth at all stations should be given the benefit of lower freight as near as possible to the special rates which the wagon loads of mill cloth are getting between specified stations.

It is stated that the existence of too many intermediaries is responsible for the enhancing of yarn price to the weaver almost to the extent of 4 as to 8 as. per 10 lbs., and that this disadvantage is further worsened by the handloom weaver having to handle his goods for sale, as there is no permanent selling organisation in this country thereby adding to the cost of the cloth to the consumer. Is the wholesale dealer or the commission agent merely helping to enhance charges and not serving as a necessary link in the chain of transactions? That is not the case. Unless there was an economic necessity for the middleman he would not have come in and survived so many years as an inseparable factor in the economic framework of the handloom industry. The wholesale yarn dealer has hardly any acquaintance with the local needs nor is he fitted to grant credit to individual weavers, or to establish an organisation for distribution of goods on credit or for collection of outstandings. He is only interested in the wholesale purchase of yarn from mills and wholesale disposal of the yarn to his approved dealers and commission agents. Only such latter dealers and commission agents have personal contact with the weavers and have knowledge of local conditions and have the necessary equipment and organisation for giving the goods on credit, watching production, and collecting outstandings. These dealers are sometimes the village sowcars and if there is scope to eliminate a link, it is the link of the retail dealer or village sowcar. The Co-operative Societies may well take over their work in a large measure than now. Even they can work only on certain margins of profit. Probably the Department would restrict the margin of profit of the Societies both on yarn as well as on the cloth which they realise from the weaver. There may be some slight advantage to the weaver on that account but the Societies have to be well financed so as to extend credit of at least Rs. 50 to a weaver to make him an independent unit. If they are poorly financed as they are at present there is no hope of a real financial network of organisations for purchase and sale being established.

This Chamber is not agreeable to the reservation of production of sarees and dhoties to handlooms; they form the largest single section of mill production at present and handlooms cannot cope with the production, the limits of the buying power of the masses or in such larger quantities of a standardised uniform quality. Such ill-advised reservation will only drive business into foreign hands. Similarly this Chamber is of opinion that reservation of lower counts to handlooms will be very unwise. It would discourage the production of those counts of yarn in the mills thereby giving scope to foreign imports. The handloom cannot account for all the short staple cotton that is now consumed in Indian mills. The present production in mills of tent cloth, drills, jeans, khadi, table cloth and towels is on low counts of yarn and it is bound to receive a rude setback which cannot be relieved by the handloom at all, thereby leaving the door wide open to foreign imports.

HANDLOOM INDUSTRY IN C. P. AND BERAR

Extracts from the Quinquennial review of the Textile Expert to the Government of C.P. & Berar of the working of the scheme for the development of the handloom industry in C.P. & Berar with the Government of India grant-in-aid.

The scheme for the development of the handloom industry of this Province with the Government of India grant-in-aid consisted of the establishment of a central weavers co-operative society at Nagpur with the following objects:—

(1) to purchase and stock yarn, silk and other materials required for weaving cloth;

(2) to issue yarn, silk and other materials to the members and sell cloth made by them;

(3) to improve the moral and material condition of the members;

(4) to create habits of thrift, self-help and co-operation in the members of the society;

It was also provided in the scheme to start weavers' co-operative societies in other centres of the province. The central society under the name of C.P. & Berar Weavers' Co-operative Society was registered on the 3rd December 1934 and began to function from February 1935. A few months later i.e., in June 1935 a branch society at Kamptee was opened. The financial year of the society closes on 30th June and the review of its working given below relates to the period from the time of its starting the work to 30th June 1940.

The Government of India grant which was made to this province was divided into two sub-heads.—(1) loan for working capital and (2) grant-in-aid for working expenses. The total grant-in-aid for five and half years ending 30th June 1940 was Rs. 1,18,100. Out of this amount a sum of Rs. 60,915 was for working capital of the society and from this a sum of Rs. 50,000 was advanced to the society according to the agreement entered into between the Government and the society while the balance of Rs. 10,915 is undrawn. The remaining sum of Rs. 57,185 under the sub-head of grant-in-aid was given to the society as a grant for its working expenses.

The central society at Nagpur served a dual function, i.e., it was a manufacturing society for producing standard goods and was responsible for marketing them as also for organising, managing and financing societies in the province. The method of working followed in manufacturing goods was that raw materials required for the manufacture were purchased at as cheap rates as possible consistent with the quality of materials required for the manufacture of standing varieties. The raw materials, i.e., cotton and silk yarn were dyed through reliable dyers and issued to members on credit for weaving. The members were supplied with designs and instructions were given with regard to the manufacture of cloth. Wages for weaving were fixed according to the raw materials used and the designs woven were so based as would leave a reasonable remuneration to the weaver. Paid supervisors were engaged to see that society's materials were not substituted and that weavers brought back the woven pieces regularly. After the woven pieces were brought by weavers they were examined for their quality of weaving and dimensions and the weavers were paid their wages at the pre-fixed rates. The cloth was then marketed through the society.

Manufacture of cloths through the Kamptee Branch of the Society was discontinued and the members were supplied with raw materials on credit. It was arranged that they were to refund the cost of these materials after the sale of cloth and take fresh supply of the raw materials.

The number of members on roll in the first year was 144 which increased to 419 towards the close of the year under review as shown below:—

1935	144
1936	28[illegible]
1937	373
1938	380
1939	404
1940	419

Out of the 419 members, 308 were of the Nagpur society and the remaining 111 of the Kamptee branch. It may however be stated that many out of the number were defaulters. On an average less than one third the number of the members on roll were on actual work of the society.

The work of the Nagpur society was restarted towards the end of 1936 and is being steadily continued. Efforts were constantly made to produce new patterns and designs through the help of a designer of the textile section. Hundreds of new patterns and designs were produced so far. They enhanced the reputation of the society. The patterns are copied by outside weavers, who find better market for their cloth. Besides manufacturing the usual type of Maharashtrian sarees commonly woven by Nagpur weavers the society wove a large number of varieties in up-to-date designs to suit the country markets and thus created a demand for Nagpur goods in provinces outside Maharashtra. Besides sarees and dhoties in the manufacture of which the society has gained considerable reputation in and outside the province other materials such as curtains, purdahs, bed-spreads, table covers, upholstery materials, pugree cloth, coating etc. were also woven and Government and outside orders secured by the textile section were executed by the society.

During the period under review, raw materials to the total value of Rs.1,37,795 were purchased by the society. The value of raw materials issued to members of the Nagpur society for manufacturing purpose and supplied to other societies and institutions was:—

	Rs.
Nagpur society members ..	81,892
Kamptee Branch ..	24,218
Chindwara ..	9,218
Umrer ..	8,342
Chanda ..	4,228
Government Weaving Shed and other institutions ..	5,604
TOTAL ..	1,33,502
Stock at the close of the year ..	4,293
GRAND TOTAL ..	1,37,795

Wages paid to members for the manufacture of goods including those paid for preparatory processes amounted to Rs. 38,409 besides the sum of Rs. 10,162 paid for dyeing charges for dyeing society's raw materials. The total sales of finished goods amounted to Rs. 1,04,115. The value of stock of finished goods at the end of the year was Rs. 42,100.

Marketing of society's goods was the most difficult problem in the scheme. All possible methods* were tried to increase the sales keeping in view the aim of lowering the expenses on marketing so as to make the organisation permanent and self-supporting in course of time.

After trying a wholesale purchase for a time early in 1937, a shop was opened in a prominent place in the city and canvassers were sent out from time to time to sell the goods.

Goods were given to some persons and firms and were kept in a few co-operative banks and societies for sale on consignment account. The society also participated every year in a number of exhibitions in and outside the province which besides effecting sales, helped to popularize society's products. Recently an agent has been appointed to sell the goods on a subsidised system, i.e., he is paid the actual expenses on shop rent and lighting up to the maximum of Rs. 100 per mensem on three shops to be opened by him. In addition he is allowed a commission of 6¼ per cent on the value of goods sold by him and a further commission of Re. 1-9-0 on the wholesale business made with merchants. According to this arrangement the management of the society's shop was handed over to him and he has opened another shop in Itwari—a business locality in Nagpur. He has still to open a third shop in Sitabuldi another business locality in the city.

It was provided under the scheme that the central society should organise branches and weavers co-operative societies at suitable centres in the province. 10 such societies were registered at the following places:—

1. Chindwara,
2. Chanda,
3. Umrer,
4. Ellichpur,
5. Girgaon,
6. Nagpur,
7. Gumgaon,
8. Balapur,
9. Deolgaon Raja, and
10. Damoh.

Out of the above, the work of the first three societies could be started. The work of the Chhindwara society was carried as an independant society. It sold raw materials to weavers and also manufactured some cloth through the members. The work of the Chanda and Umrer societies had to be conducted as branches of the central society. The Chanda society sold yarn to weavers while the Umrer society besides selling yarn to weavers manufactured cloth also most of which was taken over by the Nagpur society for sale. The finance for the working of the above societies was provided by the Nagpur society, which also gave a subsidy to these societies for their working expenses.

The work of the remaining seven societies could not be started owing to the failure of the members to collect share capital.

*The following methods were tried to market society's goods:—

(1) Appointing a wholesale purchaser,
(2) Opening society's shop,
(3) Sending out canvassers,
(4) Participating in exhibition and shows,
(5) Giving goods to persons and firms for sale on consignment account,
and
(6) Giving subsidies to agents or salesmen besides the commission to meet a portion of the expense on maintaining a shop or on travelling.

The main feature of the scheme proposed by this province and approved by the Government of India was the establishment of a central society for the purpose of issuing raw materials to members and selling cloth made by them. Though starting of weavers co-operative societies was also provided for in the scheme, efforts were centred more on the manufacturing side of the society and marketing its products. It is therefore requested that in reviewing the work done and comparing the results with the general problem of the development of the handloom industry the aspect with regard to the main object of the approved scheme may kindly be kept in view. The total number of weavers who availed themselves of the facilities offered, i.e., those who received work for manufacturing and those who purchased materials from the societies would be about 400—very small in comparison with the total number of weaving community in the province.

The value of raw materials arranged for through the co-operative societies for the periods they worked, was about Rs. 40,000 per year; the proportion of raw materials arranged for through the societies to the total value of materials utilized comes to about half per cent.

Co-operation among weavers is new in this province and there is at present at least little or no possibility of the weavers societies or associations raising their capital through co-operative banks or other sources. As shown above it was found difficult to start the work of the societies which were organised even when central society was prepared to finance them if only they could collect some share capital of their own. Previous history shows that one co-operative Bank suffered a considerable loss in financing the weavers societies

No particular criterion could be maintained for regulating the subsidies made to individual societies. They were paid according to the actual expense incurred by a society on shop rent, manager's and attendant's salary and a small contingent expense on lighting, etc.

The question of introduction of improved appliances is not included in the scheme financed by the Government of India grant. It is attended to by the textile section of the Industries Department.

Recently under orders of Provincial Government, a detailed inquiry into the working of the society was made by the Senior Deputy Registrar of the Co-operative Department who has made certain suggestions for its development. The report is under consideration of Government.

EXTRACTS FROM 'MANUFACTURE OF HANDLOOM BLANKETS IN BOMBAY PROVINCE'

In order to consider this important problem in all its aspects, a conference was convened at the Nizam's Palace in New Delhi on the 12th of February 1940. This was attended by the Directors of Industries of the Provinces and some of the States. The Conference was opened by the Hon'ble Mr. (now His Excellency) H. Dow, the present Governor of Sindh.

One can see from the opening speech of the Hon'ble Mr. Dow how the Government of India was keen on improving the condition of the village weavers. The question of organising the woollen industry on the lines decided upon in the Delhi Conference was therefore taken up by the Department of Industries, Bombay, in all earnestness. Samples of handloom blankets were prepared from hand-spun yarn and were forwarded to the Chief Inspector of Stores and Clothing, Cawnpore, in March 1940. After laboratory tests, the sample submitted by the Department of Industries, Bombay, was approved by the Chief Inspectorate of Cawnpore and a recommendation was forwarded to the Supply Department to place an order for the blankets with Bombay Province. After negotiations, an order for 6000 blankets was secured in September 1940. It was decided to execute this order for blankets through two co-operative associations of this province, namely, (1) The N. C. D. Industrial Co-operative Association, Ltd., Ahmednagar, and (2) The S. D. Industrial Co-operative Association, Ltd., Hubli. A small finishing plant to give the required finish to the hand-made blankets was installed in the premises of the Industrial Co-operative Association, Ltd., Ahmednagar.

The spinning is done on charkhas mostly by women folk. An expert woman spins from 1½ lbs. to 2 lbs. of yarn in about 6 hours. The women spinners have to take particular care in spinning the yarn of even diameter and twist. If the yarn is spun with irregular twist, the blankets after the finishing process turn out faulty.

As observed previously, the organisation for the manufacture of handloom blankets is handed over to the two Industrial co-operative Associations at Ahmednagar and Hubli. These Associations are subsidised from the funds made available by the Government of India. Most of the share-holders of the Associations are weavers by profession and the Associations are registered under the Bombay Co-operative Societies Act VII of 1925. The Associations have to organise this work under the guidance and advice of the Wool Expert of the Department of Industries, Bombay. The Associations are financed by the two main financing co-operative banks (1) The Bombay Provincial Co-operative Bank and (2) The Karnatak Central Co-operative Bank, Ltd., Dharwar.

After the receipt of the first order for blankets in September last, the work of manufacturing the blankets was started in the villages of the Ahmednagar District. For such of those weavers as have had not enough capital to stock wool, the Associations have made arrangements to purchase wool and supply it to the weavers after blending and mixing. A pro rata wage is given to the weaver for the processes of carding, spinning, etc., and weaving. The weavers get ready money for the blankets handed over to the supervisors.

Gradually the work was extended to other districts both in the Central and Southern Division and the work of manufacturing the blankets is at present carried on in 7 Districts at several centres.

On account of the several advantages which the weavers have found in this type of work, they have now become a happy lot. Their state was really miserable for the last two decades or so on account of the deterioration in the hand weaving industry and therefore their hearts are now filled with a sense of gratitude for Government which has taken particular care to see that the villagers are profited on account of the war industries.

—*The Bombay Co-operative Quarterly, June, 1941.*

HANDLOOM BLANKETS FOR ARMY PURPOSES IN MADRAS

It was stated in the report of the Industries Department for the year 1939-40, that a number of sample handwoven blankets, representing a much higher quality and standard than any previously woven on handlooms in this province had been prepared, but that though the specimen blankets had been found to be satisfactory in texture, weave and finish, they were considered to be too harsh to the feel, owing to the lack of softness in South Indian wool, to be acceptable for army requirements. During the year under review further sample blankets were woven from selected wool and specially treated before subjecting them to the operation of raising. These were accepted as suitable for the purpose and shortly after the close of the year an order was placed with Messrs. Someshwar & Co., Hindupur, for the supply of 5,000 blankets. It is believed that if this initial order is executed to the satisfaction of the authorities; it will be possible to organise supplies on a satisfactory basis and to deliver increased quantities in future.

—*Report of the Department of Industries and Commerce, Madras, 1940-41.*

RURAL AND COTTAGE INDUSTRIES IN MYSORE

The varied work carried on by the Department of Industries and Commerce in Mysore from July 1940 to March 1941, in the promotion of rural and cottage industries in many centres of the State is described in the following article:—

Handloom Weaving.—The Weaving Demonstration Staff of the Department consist of two Weaving Inspectors, eight Demonstrators and thirty Maistries. Their work relate to the supply of yarn of different counts and colours to handloom weavers at cost price, introduction of new designs, demonstrations in improved methods of working, etc. The Demonstrators toured for 767 days, visited 197 weaving centres, trained 561 men in improved methods of weaving, introduced 394 new designs and sold weaving appliances of the value of about Rs. 1,740. Hand-woven fabrics of the value of Rs. 2,29,088 produced in the State were exempted from the payment of octroi duty during this period.

There were 20 yarn depots working in some of the handloom weaving centres in the State and the value of yarn sold to weavers up to the end of March 1941 amounted to Rs. 26,328. These Depots have proved successful and in response to the representations received from the weavers of the other centres, the Department has proposed to open 20 more depots next year and to get yarn dyed under departmental control for being supplied to weavers.

Tanning.—Considerable work is being done in the village tannery, which was started at Doddasiddavvanahalli (Chitaldrug District) about two years ago for training Adikarnataka people of the locality in improved methods of bark and chrome tanning work. Out of 1,000 hides received at the tannery for purposes of tanning from the commencement, 916 hides have been tanned so far. A leather stitching class has been attached to the tannery for converting the finished leather into shoes, chappals, etc., which find a ready sale in Chitaldrug. Eight hundred and ninety leather articles valued at Rs. 1,093 were manufactured and sold up to the end of April 1941.

Demonstration work in the village tannery at Chamanahalli (Maddur Taluk) was continued and eight men were trained in improved methods of tanning. As skins are not being received in sufficient quantities for purposes of tanning for several reasons, it is proposed to shift the tannery to Malvelli which has long been noted for the manufacture of leather goods. Flaying demonstrations in Channapatna, Maddur and Melkote areas are being conducted by the Department and a full time Flayer has been appointed for training the local men in the correct methods of flaying so that the skins are not spoilt during the operation. Twelve men have been trained so far.

Mat Weaving.—Training in improved methods of mat-weaving was given in the mat-weaving centres at Hiriyur, Sira, Kadakola (Nanjangud Taluk), and Burudagunte, (Chintamani Taluk). In the centre at Hiriyur, 73 persons were trained in weaving reed mats on improved lines and mats of the value of about Rs. 6,500 were manufactured and sold at the centre. In the mat-weaving centre at Sira, demonstraion work has been started recently and a fairly good number of men are under training. From Kadakola, the centre has been shifted to Nanjangud after imparting training to as many men as were forthcoming from the villages round about Kadakola. A Mat Weaving Instructor, who is an expert in the trade, is employed by the Department for giving training on improved lines. A new hand-machine has been introduced for making the thread required for mat-weaving and it is reported that this machine has been very useful and economical. It is proposed to supply the trained students with mat-making looms required by them and recover the cost thereof in easy instalments. In the mat-weaving centre at Burudagunte, the training work was continued and 50 men were trained up to end of April during the year in making mats of improved designs. After about two years' location at Burudagunte, the centre of activities has now been shifted to Papihimmanhalli and Koralaparthi, on the advice of the Deputy Commissioner.

Tile Making.—A kiln has been constructed near Seelanere Village (Krishnarajpet Taluk) for the manufacture of tiles as raw material of good quality is available there in abundance. The first "firing" has been arranged for about 4,000 tiles which have been pressed. Similarly another kiln has been constructed at Surenahalli (Koratagere Taluk). A private party is working the kiln under his own management and necessary technical assistance is being given to him by the Department. Three "firings" had been made so far with very good results. The total output per month is estimated at 5,000 tiles per month. The tiles have been finding a ready sale in the area.

Paper Making.—In the training section of Badanval Spinning Centre, experiments in connection with the manufacture of handmade paper from different raw materials were conducted and two batches of students were given necessary training. It is proposed to equip the section with simple machinery to improve the quality and speed of the output. The manufacture of paper by hand has also been started at Dodballapur in order to demonstrate the working of new industries at the Rural Welfare Centre there. It has been found that handmade paper is more readily saleable when put on the market in the form of envelopes and note paper. Envelope cutting dies and gumming devices have been used to speed up the output and reduce the costs of manufacture.

Button Making.—The manufacture of buttons has been started on a small scale at Doddasiddavvanahalli and a few local boys have been trained in the methods of making shirt studs, etc., from waste pieces of horn. It is proposed to introduce improved machinery (made in the Central Industrial Workshop) in order that buttons for coats and shirts required by the War Board may be supplied from this place. Reference may also be made in this connection to the

button making section which has been recently organised in the above workshop for the purpose of supplying buttons to the War Board. About Rs. 2,000 worth of buttons have already been supplied within three months after starting the manufacture of this product.

Coir Making.—Propaganda work is being carried on at Adivala on the collection, retting and preparation of coir from cocoanut husks. An expert from Coimbatore has been stationed here for introducing the methods of retting green cocoanut husks. The local people have begun to appreciate the advantages of this industry and along the banks of the channels the industry is being extensively practised. There is a rope twisting machine in this place with which the fibre could be converted into yarn and rope.

Village Smithy.—A Smithy Centre has been started at Closepet, where ploughs, cultivators and other agricultural and domestic implements like *Machu, Kodli,* Stoves, etc., are being manufactured. The raw material used is scrap iron, sleepers, condemned spring plates, etc., of the Railways, scrap plates from the Central Industrial Workshop, etc. The raw material cost is thus not high and labour is also not so expensive as in cities. The articles turned out under these conditions are cheap and easily saleable. Twenty men were trained during the year (up to end of April 1941) and articles of the value of Rs. 7,335 were produced, of which articles worth Rs. 6,135 were sold.

Village Pottery.—Demonstrations in the manufacture of improved pottery of high quality and finish are being carried on in the rural areas such as Closepet, Chennapatna and Dodballapur. The manufactured articles have been put on the market and are finding a ready sale. Enquiries for agencies for these articles are also being received from various places such as Bombay, Madras, Hyderabad, etc. A Pottery Class has been opened in the Government Industrial School, Chennapatna, where students are trained in this Art. An improved kiln on the Chinese model has been put up at Closepet and new methods of manufacture including casting of articles by the use of plaster of paris moulds have been introduced with encouraging results. An experimental glazing kiln has also been put up in this centre and various kinds of glazed pottery similar to the famous Rockingham wares are being manufactured. It is proposed to expand the activities of the centre by constructing a large glazing kiln at a cost of Rs. 1,000 for manufacturing coffee, tea and other sets which are at present imported at a heavy cost from foreign countries.

Porcelainware.—Crockery articles are manufactured on cottage industry lines at Malleswaram, Bangalore, and training is given to poor women in casting porcelain articles. The prepared body material and the necessary moulds are supplied to these women for casting and finishing the articles. It is reported that each woman is earning Re. 0—8—0 to Re. 1—0—0 per day. It is proposed to open some more centres round about Malleswaram.

Lacquerware. This industry is being taught in the Government Industrial School, Chennapatna. The raw materials are obtained at concession rates from the Mysore Forest Department. The lacquered articles manufactured in the above school have earned a wide reputation. A large number of new designs have been recently introduced to suit the taste of society people.

Demonstrations are also being conducted in suitable centres. A Demonstration Centre was first started at Ankanhalli and later on shifted to Bannikuppe where 20 boys were trained in making toys during the year. A new instructor from the Punjab to teach special lacquering of articles has been appointed.

—*Mysore Information Bulletin,* June 1941.

QUESTIONNAIRE

Fact-Finding Committee (Handlooms and Mills)

Section I.

1. Please give a short account of the handloom weaving industry in your area, mentioning, in particular, the principal centres of the industry, the lines of production in each centre, and the peculiarities of technique (if any).

2. In what way has the handloom weaving in your area fared in the last few years? Indicate in general the causes of the advance or decline.

3. Has any survey of the handloom industry in your area been carried out? If so, please explain fully the method of enquiry and indicate the extent of reliability of the data collected.

Section II.

4. What is the total number of handlooms in your area'? Please give a statement, classifying them.

5. What proportion of the handlooms are found in the cottages and what proportion in *karkhanas* or small factories?

6. What proportion of the handlooms are engaged in weaving cotton, silk, art silk, wool, jute or other fibre and mixtures thereof?

7. How many looms in your area are confined to handspun cotton yarn? Are there any indications to show that the number of such handlooms is increasing or likely to increase?

8. What proportion of the looms of each category remain idle (*a*) the whole year round, (*b*) for some months of the year (which months?) Give the causes of this idleness and bring out its consequences. Have any of the idle looms been discarded?

9. If there are any powerlooms (other than mills) in your area, please state their number, classify them. How many looms are attended to by each operative?

10. How many of these powerlooms are owned or operated by those who were previously handloom weavers?

11. How has the handloom weaver been affected by the introduction of powerlooms? Has the number of handlooms diminished since?

Section III.

12. Give the total number of weavers in your area, classified.

Specify the number of (*a*) weavers who work on their own account, (*b*) those employed by a master-weaver or *mahajan,* although working in their own homes, (*c*) those working in *karkhanas* or handloom factories and (*d*) those attached to a co-operative society.

13. How many or what proportion of the weavers in your area are master-weavers? Please explain the relationship (social and economic) between those and the ordinary weavers.

14. (*a*) What are the classes or castes in your area that regard handloom weaving as their hereditary occupations?

(*b*) Have other classes of people taken up handloom weaving recently? If so, how has this influx affected the industry?

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

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

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

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

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

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

Section IV.

20. (*a*) Please give in tabular form, the total production of cloth on handlooms classified.

(*b*) Please classify the same also according to the counts of yarn used.

(*c*) Please give similar details in regard to the production on powerlooms (other than mills).

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

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

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

(*a*) The assumption that, in handloom production, 1 lb. of yarn will give 4 yards of cloth.
(*b*) The assumption that, in mill production, 1 lb. of yarn will give 4·78 yards of cloth.
(*c*) The assumption that 100 lbs. of yarn will on the average give 112 lbs. of mill cloth.
(*d*) The assumption that on the average 1 lb. of mill cloth will correspond to 4·27 yards.

(e) The assumption that the quantity of mill yarn used for purposes other than mill and handloom weaving may be offset against the quantity of handspun yarn used in the handlooms.

(f) The assumption that the mill yarn used for such purposes as hosiery, braid, ropery, nets, lampwicks, bandages; pyjama cords etc. corresponds to 10 per cent. of the total mill yarn produced.

(g) The assumption that the total production of handspun yarn amounts to 24 million pounds.

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

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

24. Has there been any change in the lines of production on the handloom in your area? Explain if any shifts have taken place from one group of counts to another, from one kind of cloth to another, or from one type of textile to another. What have been the effects of changes in fashion?

25. Has (a) the *Swadeshi* movement, and (b) the emphasis on hand-spinning brought about any changes in the handloom industry?

26. Please enumerate the principal types of cloth woven on handlooms in your area and forward six sets of samples of not less than 12 in. square each.

27. (a) The handloom, it is said, possesses a special field in certain coloured styles of cloth. Is this true? Please enumerate the principal types of such cloth and show why handlooms have an advantage.

(b) Consider also the defects of handloom production.

Section V.

28. Please give details of the different preparatory process as they are going on in your area:—

(a) The form in which the yarn is received.

(b) Winding on the bobbins before warping.

(c) Sizing.

(d) Warping.

(e) Beaming, twisting and drawing in.

(f) The percentage of yarn wasted in the course of preparation.

29. (a) What time is taken at each stage in preparing a warp of normal size, and how many persons are engaged? What wages are paid to those who assist the weaver?

(b) Do the weavers wind their weft themselves? If not, what wages are paid to those who help?

(c) Is there any organisation in your area from which prepared warp of a desired length ready for the loom could be obtained? If so, is it working satisfactorily?

(d) Has the method of hand-sizing any superiority over that of slasher-sizing, for example with regard to the "feel" of the cloth? Is there any slasher-sizing machine for sizing the warp in use in your area? If not, do you think an installation of such a machine in your area will be beneficial to the industry?

30. (a) What sources, if any, exist in your area for supplying new designs to the handloom weavers?

(b) If not, how do the weavers manage to keep themselves in touch with up-to-date marketable designs?

31. Are the weavers in your area agreeable to the adoption of improved appliances and accessories? If not, please state the reasons.

32. To what extent do handloom products require finishing? Are there any arrangements in your area for the finishing of handloom fabrics?

33. Would it be economical and practical to instal a finishing plant for a district or a group of districts so as to cater for, say 1,000 looms and what would be the benefits of such a plant to the handloom industry in general?

34. (a) It is said that owing to competition among handloom weavers, the quality of handloom products has not been uniformly maintained. Has this led to any deterioration in the handloom industry?

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

Section VI.

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

(i) The independent cottage system (weaver working on his own account).

(ii) The commission agency system, wherein the weaver works in his own house for master-weavers or *mahajans*, receiving yarn on credit and repaying in the form of money or cloth.

(iii) The handloom *karkhana* system, in which a master-weaver or *mahajan* employs weavers on a wage basis in handloom establishments (often called factories).

(iv) The co-operative system wherein the weavers are organised on a co-operative basis for purchase of raw materials, production of cloth and its sale.

(v) Any other system prevailing in your area.

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

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

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

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

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

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

Section VII.

41. (a) Please enumerate the kinds of yarn used (i) for handlooms of various types and (ii) for powerlooms (other than mills).

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

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

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

44. If you consider the handloom weavers to be at any disadvantage in respect of the price of yarn, what approximately is its influence on the cost of production?

45. (a) In what form do the handloom weavers in your area purchase their yarn—(bundles, cones, cheeses, ball warps, beams)? Please discuss the advantages and disadvantages of each form, and explain how far it is practicable to supply the yarn to the weaver in a ballad warp form.

(b) When the yarns do not require to be dyed or sized, would it be more convenient if the yarn is supplied on cones?

(c) Would weavers consider it more convenient if the weft yarn is supplied on cones or cheeses, rather than on bundles?

46. Please enumerate, with the names and location of the mills, the different tickets or brand of yarn of the counts ordinarily used for the bulk production of handwoven goods in your area, and side by side give the prices prevailing on or about certain given dates in the principal handloom weaving centres.

47. What proportion of the total quantity of yarn spun in mills in your area or group is available for consumption by the handloom weavers?

48. What is the existing organisation for the marketing of yarn? Explain the part played by:—

(i) Agents,
(ii) Sub-Agents,
(iii) Yarn merchants,
(iv) Other middlemen, if any.

49. (a) Has any attempt or offer been made to supply yarn to the handloom weavers directly from the mills? Please discuss the feasibility of such a method.

(b) Is there any provision in your area for the supply of yarn from yarn depots maintained by the State? If so, explain how it works.

50. Are yarns required for handlooms bought on any specification with regard to the quality, strength and turns per inch?

51. It is alleged that certain malpractices with regard to length, weight, packing, etc., exist in the yarn trade. Do such practices exist in your area? If so whom do you hold responsible and what steps would you suggest for their control and mitigation?

52. Having regard to the large quantity of mill-made yarn needed by the handloom weavers, do you think that any special measures are necessary for securing an adequacy of yarn, of required counts and qualities, and at reasonable prices? If so, who should carry out these measures?

53. To what extent do the weavers in your area use dyed or bleached yarn? How do they solve the problem of dyeing and bleaching? Do the weavers buy dyed or bleached yarn or do they buy grey yarn and have it dyed or bleached later? Are there any dyeing factories in your area? If so, mention their terms.

54. What is the difference in price between (i) yarns bought dyed and (ii) yarns bought grey and dyed later?

Section VIII.

55. What proportion of the handloom production in your area is:—

(a) For home use,
(b) For sale within the town or district,
(c) For sale outside the district but within India,
(d) For the export market.

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

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

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

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

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

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

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

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

Section IX.

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

(b) Please give information as in Question 64 (a), in regard to the products of powerlooms other than mills in your area.

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

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

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

68. Please classify the types of cloth in which there is competition, either direct or indirect, (a) between handlooms and mills, and (b) between handlooms and other powerlooms. For convenience, state the nature of competition under the following heads:—

(*i*) *Class* (1)—in which handlooms cannot, for one reason or another, compete with mills and powerlooms at present.

(*ii*) *Class* (2)—in which handlooms, and mills and powerlooms are almost on a par and where the competition is just equal.

(*iii*) *Class* (3)—in which handlooms are superior to mills and powerlooms.

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

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

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

Section X.

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

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

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

(*i*) The supply of raw materials at a reasonable price to the handloom weavers.

(*ii*) The supply of designs to weavers.

(*iii*) Preparation of yarn, bleaching, dyeing, mercerising and finishing of cloth.

(*iv*) Standardization in production.

(*v*) Marketing facilities.

(*vi*) Technical guidance to weavers, and training of weaving apprentices.

(*vii*) Training of technical experts.

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

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

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

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

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

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

THE CO-OPERATIVE MOVEMENT IN BENGAL

The following is a summary of the proposals made by the Committee appointed by the Bengal Provincial Co-operative Bank, for the reconstruction of the Co-operative Movement in Bengal:

(a) In the first instance it is necessary to convert the Bengal Provincial Co-operative Bank into a real General authority so that it may effectively guide and control the co-operative finance and the working of its affiliated Banks and Societies. For this purpose a Code of Business Laws as indicated in the report should be agreed upon and respected by the Provincial Bank and its affiliated Banks and Societies.

(b) It is necessary for the Provincial Bank to come into closer touch with the Central Banks and the Societies and for this purpose quarterly meetings may be convened by the Provincial Bank of the representatives of the Central Banks and Societies.

(c) A programme for scaling down the co-operative debts of the members of the societies affiliated to the 35 Central Banks mentioned in the report should be taken up immediately by the Central Banks concerned under the guidance of the Provincial Bank. Other Central Banks should also be encouraged to take up a programme of this nature. A responsible officer of the Central Bank should be entrusted with the work with suitable remuneration.

(d) The collection of old loans in kind should be taken up by all Central Banks which have scaled down the debts of their affiliated societies. The arrangement for collection and disposal of crops should be made on an effective basis in consultation with the departmental officers and the Provincial Bank. The office-bearers of village societies should be encouraged with remuneration to collect the produce.

(e) Organisation of a larger number of village credit societies should be taken up by the Central Banks so that the large Central Banks may invest in these societies a sum of Rs. 2 lakhs as crop loan within in a reasonable period of time.

(f) Smaller Central Banks for which there is no prospect of investing Rs. 2 lakhs in crop loans should be amalgamated with the nearest big Central Bank. The Provincial Bank should negotiate the proposal for amalgamation and give such help as is necessary for effecting an amalgamation.

(g) With the permission of Government the Central Banks and the Provincial Bank should take up transactions with non-members particularly in the direction of the bill, cheque and Insurance premium collections, issue of Hundis and advance against gold, silver and negotiable securities.

(h) All capital necessary for financing the Multi-purpose Societies and other co-operative marketing organisations should be raised by the Provincial Bank from within the movement as far as practicable and from the investing public by effective propaganda. A Propaganda Officer should be appointed for this purpose.

(i) The Provincial Bank should make arrangement with big Joint Stock Banks for supply of finance to the marketing organisations on the guarantee of the Provincial Bank and against the security of stock.

(j) For supervision of the work of the marketing organisations and for the realisation of the investments therein, the Provincial Bank should maintain an adequate staff. This staff will also look after the realisation of the short-term crop loans and take steps to counteract any propaganda against timely payment of the loan.

(k) The Provincial Bank should appoint a Special Organising Officer for organisation of larger number of Multi-purpose and Marketing Societies or if the work can be taken up by the Co-operative Alliance a subsidy may be given to that Institution for entertaining an Officer for this purpose.

(l) The Provincial Bank and the Central Banks should cultivate most friendly relation with the Departmental staff and should always seek their advice and help freely. It must be realised that it is only by the joint effort of the Official and non-official co-operators that the movement can be saved from disintegration.

—*The Bengal Co-operative Journal*, April-June 1941.

REPORT OF THE WORK OF THE KONDEVARAM RURAL UPLIFT CENTRE (E. GODAVARI DISTRICT)

The Centre is the result of a capital fund donation of Rs. 10,000 by Sree Goteti Jogiraju Pantulu Garu who retired as an Assistant Director of Agriculture after a distinguished career in the Department. This is conducted by the Siva Rao Memorial Trust which is governed by Trustees among them being the Hon'ble Sree V. Ramadas Pantulu Garu, Member, Council of State, Sree N. Satyanarayana Garu, Secretary of the Madras Provincial Co-operative Union, Sree Kuchi Narasimham Pantulu Garu of Pithapuram, poet, scholar and educationist. The Centre maintains one worker with headquarters at Kondevaram, 3 miles from Pithapuram on the Uppada Road.

The object of the Centre is to "progressively reduce the dependence of villages upon towns: (1) for the marketing of their raw produce; (2) for supply of domestic requirements; (3) for supply of credit; (4) for medical aid; (5) for settlement of disputes; and (6) for the education of children and make the villagers self reliant and strong. The methods adopted are non-political and non-party as well as non-sectarian in social and non-denominational in religious matters." It was intended that villages—about 20—in the first instance in the neighbourhood of Kondevaram and comprised in the Centre should benefit by the efforts of the Centre by the spread of light, leading and culture and by organisations meant to develop initiative and self respect among them. This objective has been partly and is being steadily attained since the commencement of work at the Centre in October 1935.

Education.—A census of children of school-going age in the village revealed that of 382 such boys and girls only 60 attended school and the rest were left uncared for. Nearly a hundred of such boys were found to be engaged in some remunerative work or other during the day time, such as looking after cattle, farm work, etc., and had no opportunity to attend school. For them a night school was opened at the Centre which soon attracted 60 boys. After a time it was found that Harijan boys desired admittance along with others and the latter were freely persuaded to allow the Harijans to have the benefit of instruction as much as themselves. Thus was educational untouchability removed without any flourish of announcements. A group of young men were persuaded to take lessons in Hindi, the teaching of which was entrusted to a qualified teacher. Magic Lantern slides prepared by the Madras Provincial Co-operative Union were occasionally exhibited with relevant explanatory comments in the villages. Lectures on several aspects of village improvement including co-operation were next delivered in all the villages of the Centre.

Instruction is imparted in subjects like Agriculture, Bee-keeping, Preparation of Palmyra Jaggery, Hand-pounding of rice, etc., both by means of oral lectures as well as demonstrations. So also teaching is given in village industries like Hand weaving which supports nearly 1,000 families in the area of the Centre, Dyeing, Eri culture, Lac culture and Pottery. Attention is also paid to social programmes like dissuading villagers from offering animal sacrifices and discouraging village factions and to environmental hygiene. The work in connection with settlement of disputes through arbitration is encouraging.

Co-operation.—Finding that the villagers depended almost entirely upon the sowcar, the Manager submitted proposals for the starting of a Co-operative Loan and Sale Society. These were put into effect, and the society has been doing useful work since three years with the Manager of the Centre as its Secretary. Loans on pledge of produce have been advanced to the extent of Rs. 65,000 and small producers no less than large are benefited by being able to hold up their crops against a better price. The marketing of sapotas grown by members has been undertaken through the Provincial Marketing Society, and arrangements are in progress to send other articles like hand-pounded rice and fresh butter from the villages to Madras through the same agency. The society is being given a subsidy by the Governnent representing a varying and gradually reduced proportion of its establishment charges year after year for four years during which period it is expected to stand on its own feet. Proposals and estimates for Rs. 6,500 have been put up for the construction of paddy godowns with the help of Government loan at 3½ per cent. But they have been held up this year as a result of war-time economy.

The Kondevaram Co-operative Spinners' Purchase and Sale Society, Ltd., was brought into existence as a result of the need felt for better serving the cotton spinners in the area by the help of good cotton sold at reasonable prices, and by taking their yarn off their hands in proper time. The society aims at enabling each cultivators' family to spin for its entire clothing requirements; and for this purpose not only is cotton supplied where needed in advance, but wheels are given on credit, domestic carding taught, hanking instruments are distributed, yarn is got woven, ginning instruments lent and other services performed solely with this end in view. The idea is that by gradually by such service, each individual family will be able to dispense with all purchases of cloth whether of the mill-made or other variety and produce enough yarn both for its domestic use and also for taking the surplus yarn for sale to the society. Khaddar is produced and sold, but not as an end in itself. The society has now on its rolls nearly 70 members though it is but 3 months old, and has produced and sold nearly Rs. 200 worth of khaddar, cotton, etc. The society's khaddar has already won recognition for its quality and price; and it commands entire public support in the area.

The Kondevaram Co-operative Milk Supply Society has been organised and is awaiting registration. It is intended not only to supply pure milk and ghee to the towns, but also to maintain stud bulls and create other amenities for the owners of dairy cattle.

During the progress of village work it has been noticed that complimentary organisations in towns are needed to bring to fruition the work carried on in villages. Hence, a co-operative stores is being organised at Pithapuram with the approval of the Government and the help of a few public spirited individuals for the proper distribution and sale of village produce and village-made articles like fruit, milk, ghee, hand-woven cloth; khaddar; honey; hand-pounded rice etc.

The Pithapuram Fruit Growers' Co-operative Society has been started with the Manager of this Centre as Secretary for the export of mangoes, plantains, sapotas and other local fruit like oranges and to encourage fruit gardens and industries like fruit canning. The Society will commence business shortly.

As arbitrator of co-operative societies, the Manager not only decided suits and passed awards but also persuaded defaulting members to pay up their dues to societies.

FUTURE OF THE CO-OPERATIVE MOVEMENT

Commenting on the Hon'ble V. Ramadas Pantulu's Presidential Address to the Joint Session of the Indian Provincial Co-operative Banks' and Institutes' Association at Bombay on the 18th January 1941, the *Co-operators' Bulletin*, Jammu (Kashmir), observes:

"While giving expression to his sympathy to the Co-operators who have been deprived of their freedom to carry on their co-operative activities by forces of brutal aggression, he emphasised the conviction that co-operation provided the best basis for ensuring peace, freedom, security and social justice. We also whole-heartedly join the Hon'ble Mr. Pantulu in this declaration.

The Hon'ble Mr. Pantulu pointed out that the effort of the War on the prices of agricultural produce and agriculural lands and consequently on the agricultural community in particular and the co-operative movement in general had not been according to the expectations and that the primary producer had not been benefited by what may be called a War boom and in fact the Indian Agriculturist had lost many of his export markets. He opined that while the price control policy of the Government may well be directed towards preventing profiteering by middle men nothing should be done to check the rise of the agricultural prices to the detriment of the primary producer. This is a matter which affects the prosperity of the rural population, which is the backbone of our nation and we support the Hon'ble Mr. Pantulu's views with all the emphasis that we can command.

While dealing with the problem of indebtedness he stressed the necessity of assessing the effects of the measure adopted by the different Provincial Governments and proposed the constitution of a Legislative Sub-Committee of the All-India Co-operative Institutes' Association to study the provincial debt legislations and formulate the views of the Association on the measures with due regard to local conditions and the needs of each Province. In our opinion this is a very sound proposal and is calculated to be of immense benefit to the Co-operative movement in India.

Disagreeing with the assertion of the Federation of the Indian Chamber of Commerce and Industries that in spite of vigorous efforts to create a regulated rural credit system the money lender will continue to be the main source of credit to our rural population for a long time to come, the Hon'ble Mr. Pantulu observed that to his mind the replacement of the present system of money lending by a sound system of rural finance through co-operative organisations which would form an integral part of an organised Banking structure, was not beyond the region of practical politics and he considered that the linking up marketing of agricultural produce through productive effort on a co-operative basis was a rational solution of the problem of Rural Finance, and advocated measures for co-operatizing the Rural Credit system of the country for which not only sympathy but also suitable action on the part of the Central and Provincial Governments and the Reserve Bank of India was necessary.

Discussing the schemes for the rehabilitation of the Co-operative movement in different provinces the Hon'ble Mr. Pantulu advised utmost expedition and observed that it would become more and more difficult to resuscitate the movement if the process of investigation and implementing the Governments' decisions were inordinately delayed. We fully agree with the Hon'ble Mr. Pantulu and advocate utmost expedition in this matter which is of supreme importance to the Co-operative movement at the present moment of its life and death struggle.

Referring to the Bengal Co-operative Societies Bill of 1938 which had a somewhat stormy passage through both the houses of Bengal Legislature and which contemplates investing the Registrar with drastic plenary powers, the Hon'ble Mr. Pantulu observed that the co-operative movement could only be carried on by the people themselves with such assistance and guidance as the Registrar and his Department may be able to give as friends, philosophers and guides to the movement and disapproves of these additional statutory provisions even if they are to remain as harmless weapons in the armoury of the Registrar.

Adverting to the Report of the Madras Committee on co-operation, the Hon'ble Mr. Pantulu said that it was valuable for its recognition of the principle that greater attention should be paid to the Rural problems, and something tangible done to transform rural economy which is now a deficit economy, into a surplus economy and to readjust the balance between the town and the country with the object of promoting prosperity in rural areas. While supporting the recommendation of the Committee for a simultaneous pursuit of a comprehensive plan of revival and reconstruction of societies together with a plan of expansion of village credit societies and their organisation on a wider basis with a view to bring every village within the area of operation of such a society, he stated that informed opinion both of co-operators and economists was accumulating in favour of the view that the primary credit society would not gain much by being transformed into a multi-purpose society of the type suggested by the Reserve Bank of India.

The Hon'ble Mr. Pantulu is not very optimistic about the future of the movement, constituted and directed as at present and feels that so long as the movement is state-controlled and state-administrated it does not bid fare to take us far on the road which, in Mahatma Gandhi's words, leads to "complete deliverance of toiling yet starving millions from the dreadful evil of economic serfdom." His advice is that co-operation in India should take notice of the new currents of national life in the sphere of production and distribution and in the field of Industry, Commerce, Trade, and Finance, so that it may contribute to our national life and bring about reconstruction of the economic life of the people in the new world order which stresses a more equitable distribution of wealth and better and equal opportunities of life for the rich and the poor. The Hon'ble Mr. Pantulu is an outstanding personality in the field of co-operation in India and we hope that the co-operators, both official and non-official, shall take note of his advice. Even those who do not see eye to eye with him in certain controversial matters would do well to give due weight to the opinions of this veteran co-operator."

CO-OPERATIVE PRESS AND OFFICIAL CONTROL

The Bengal Co-operative Journal which enters on its 27th year of its existence with the current issue of its quarterly (July-September, 1941) has some striking comments to make on official control over Co-operative Press, under the caption 'Ourselves.' The Journal was started under official agency by the Co-operative Department of Bengal in 1914. When the Bengal Co-operative Organisation Society, the present Bengal Co-operative Alliance, was started in 1918, the Journal was made over to this non-official co-operative institution and ceased to be a Government publication. On that occasion Lord Ronaldshay (Marquess of Zetland), the then Governor of Bengal, addressed the following valuable communication to the Society:—

"I write to offer you my sincere good wishes for the success of the new Journal, which is being published under the auspices of the Bengal Co-operative Organisation Society.

The publication is one which should have a career of immense usefulness before it. The Bengal Co-operative Organisation Society welcomes the support of all who are convinced of the great benefits of the co-operative system. It already numbers among its members some of the foremost personalities in the business world of Calcutta, and representatives of the landholders of the Presidency. In other words it is a live organisation which is going to make its activities felt far and wide. It is almost essential that such a concern should possess the means of making its views widely known; and the new journal will enable it to do so.

I do not underestimate the good work which has been done by the journal, while it has been conducted under official guidance and control; but at the same time, I think, there are advantages in its divesting itself of official tutelage and proclaiming itself to the world as the independent mouthpiece of the co-operative movement. As such it will be of the utmost value to official and non-official alike, and should prove to be a potent instrument for furthering the success of the co-operative principle. *Perhaps I may add that while Government desire to exercise no control of any kind over the publication, they do desire to assist towards its success, and, with this object in view, propose for the present to contribute a sum sufficient to cover the cost of its producion.*"

After quoting this letter our contemporary proceeds to make the following observations:

"In 1926 its name was changed into the Bengal Co-operative Journal when Mr. S. K. Lahiri took over the editorship. The Journal profited by the very distinguished guidance of Mr. Lahiri till 1938.

Since the declaration of Lord Ronaldshay the Government have never interfered with the independent policy and management of the Journal, while remaining true to the commitment of Lord Ronaldshay in the matter of financial assistance. At the same time the Government have generally been alive to the suggestions offered by the Journal.

But of late, dark clouds in the form of official interference not only against the policy but also against the management of the paper are lowering. Without going into details, it can be said at the present moment that attempts for official control and dictation of the policy of the Journal are so much in evidence that it will cause no surprise if the solemn declaration of Lord Ronaldshay, so long religiousy honoured by the Government and the Co-operative Department is ruthlessly trampled dow. No blacker tragedy can yet be conceived.

"With the system of administration that obtains in India, the Co-operative Department itself is part of an irresponsible and irremovable bureaucracy." Even in such a condition, it cannot but provoke deep resentment among those still interested in the Movement—though their number is fast dwindling in Bengal due to the bureaucratic highhandedness of the Department. It is regrettable that the Department should forget that public opinion is much more alert than it was thirty years ago. To convert the non-official organ into an official trumpet for blowing officious admiration of the officials and their doings would be ridiculous."

REPRESENTATION OF DEPOSITORS ON THE COMMITTEES OF CENTRAL BANKS

Draft Amendment to Rule XXVI under Madras Co-operative Societies Act

The following is the Rule as existing:

Constitution and Strength of Committee of Financing Bank

1. The proportion of individual members to society members on the committee of a financing bank and the maximum strength of the committee shall be determined by the Registrar in consultation with the committee of the bank.

2. An individual member shall not be eligible for appointment as a member of the committee of a financing bank unless he holds such number of shares, or has invested in fixed deposits in such bank such amount, as may be fixed by the Registrar from time to time in consultation with the committee of such bank.

The following is the Draft Amendment to the above rule:

"XXVI. (1) The proportion of individual members to society members on the committee of a financing bank, the proportion of individual members who shall hold fixed deposits to total individual members and the maximum strength of the committee shall be fixed by the Registrar in consultation with the committee of the bank. The proportion of individual members who shall hold fixed deposits to total individual members shall be fixed at not less than 25 per cent of the latter.

(2) An individual member shall not be eligible for appointment as a member of the committee of a financing bank unless he holds such number of shares or has invested in fixed deposits such minimum amount as may be fixed by the Registrar from time to time in consultation with the committee of such bank.

(3) If the required number of individual members holding fixed deposits is not elected to the committee of a financing bank the Registrar may, if individual members holding fixed deposits in such bank are available, nominate the required number of such members to the committee. Any seat on the committee of such bank reserved for individual members holding fixed deposits which has not been filled either by election or nomination shall be held in abeyance.

(4) Any person who has been appointed as an individual member of the committee of a financing bank by virtue of the fixed deposits held by him in such bank shall cease to hold office as such, if the amount of his fixed deposits in such bank falls short of the minimum fixed by the Registrar under sub-rule (2) and shall not become eligible for appointment under that class of members until the amount of his fixed deposits in such bank reaches such minimum."

Explanatory Note

In order to check over-borrowing and unwarranted leniency in the matter of recovery of dues the Reserve Bank of India suggested that adequate representation should be secured to the depositors either by nomination or by other means on the Boards of Central Banks. This suggestion has not been accepted by the Committee on Co-operation (1939-40) for the reason that it will create special or vested interests in Central Banks and that no occasion had arisen so far for special representation of depositors. The Registrar of Co-operative Societies is, however, in agreement with the view taken by the Reserve Bank and considers that the object may be achieved by prescribing that a certain proportion of elected individuals should be from among individual members who held deposits in the banks.

It is observed that individual directors do not at present make deposits in the banks concerned to any appreciable extent. It is therefore considered that not less than 25 per cent of such directors should be chosen from individual members who have made deposits and that they should invest in fixed deposit a minimum amount. Under the rule published, it is proposed to empower the Registrar to fix the proportion of individual members who shall hold deposits to total individual members of the committee of a financing bank and the minimum amount to be invested for this purpose in consultation with the bank concerned. If the deposits held by individual directors fall short of the minimum amount fixed, they will cease to hold office as such and they will become re-eligible for appointment under this class of directors only when they have reinvested the required amount in the bank concerned. If the general body of a financing bank does not elect the required number of individual directors who have made deposits and if there are individual members who are eligible for such election, the Registrar may, if he sees fit, nominate them as directors. Any seats reserved for individual members holding deposits which are not filled either by election or nomination will be held in abeyance.

RATIONING IN ANCIENT TIMES

There is nothing new under the sun, not even the ration cards we all now possess. These were in vogue thousands of years ago. Form and practice were, of course, quite different, but the governing principles are to-day the same as among the Persians, Greeks, Chinese, and other peoples of earlier days.

Weight for Height.—When, in 535 B.C., the Persians had cut off all supplies from Babylon, Naboned introduced a comparatively original form of rationing. Every citizen was measured and was rationed according to height. If, for example, a woman sought wool for spinning or weaving she had to produce her certificate of height. Only the very tallest could hope to get all they wished. But even so, they had first to hand over one of the garments they wore, which later was divided amongst the women of smaller size.

Monumental Meals.—The Athenians had much difficulty during the Peloponnesian War. Their ration cards consisted of big slabs of marble which they had to produce at the distribution centres in the amphitheatres. On the slabs were recorded all the quantities of goods received. In the sweat of their brows the housewives carried to and fro the heavy records; the return journey was laborious, with rations and slab. The wary and the wealthy hired help to carry the goods, but all held fast to the ration card.

An old-time poet tells that at one store the women quarrelled. In the heat of argument the ration cards were used as weapons and some were smashed.

A Sporting Chance.—When the Persians besieged Sparta, Leonidas decided that only food absolutely necessary should be given out. Even then regard was had to the size of the individual. The biggest and strongest, therefore, fared best. To prove their qualifications both men and women had to undergo tests in discus throwing, lance flinging, putting the weight, running, jumping, and finally weight lifting. Not until these tests had been taken could a ration card be had.

Every Man His Own Coupon.—The Mahommedans were more practical than the Athenians with their marble slabs. They were their own ration cards. On the brow, just above the root of the nose, they bore a little mark entitling them to a certain quantity of water. On the prophet's crusade from Medina to Mecca drinking water was scarce and had to be rationed. Every man was, therefore, allowed only a certain measure. To tally this a dark green stroke was made on each brow. Every time water was distributed part of the stroke was removed by the water controller with secret chemicals. If anyone attempted to increase his ration stroke he went waterless to the point of death from thirst. Only then was he restored to the register. Mahommed's laws were wise but strict.

Even in the darkest Africa there have been ration cards. The warlike Somali negroes along the Gulf of Aden had a system not widely different from that of more civilised lands. Some decades ago a capable chief introduced a system involving rationing in times of drought and pestilence. When food became scarce all the tribe had to bring what provisions they had to the chief's tent, where they were justly divided and distributed by the chief. On every one receiving a ration a knife cut was made on the back, and only when the wound had healed was he or she entitled to a further supply.

Rationing by Inches.—The oldest known form of ration card is reported from China under the Tschon dynasty, 1111 B.C. Rivers had overfllowed, devastatingly flooding vast tracts of land. Ricefields and other crop areas were completely submerged; great numbers of animals were drowned and there was widespread want and privation. Every citizen in the afflicted area was given a silken cord bearing the Emperor's mark and each time he drew his ration a certain length was cut from the cord.

We all have our ration coupons to-day giving trouble and worry, but at least we may be glad to escape the marble slabs and the knifing of earlier rationing. —J. D.

—*Co-operative Review, Manchester*, June, 1941.

CO-OPERATIVE NEWS AND NOTES

The Hon'ble Mr. V. Ramadas Pantulu, founder of the South India Co-operative Insurance Society and President since its inception, was presented with an address enclosed in a silver casket, by the Directors and members of the staff of the Society on the eve of his retirement. The address was read by Mr. P. S. Kumaraswami Raja, the new President. The Hon'ble Mr. Ramadas Pantulu expressing his hearty thanks for the honour done to him, said that he hoped to continue to devote such little energy as is still left in him to the service of the Movement in India and to promote and safeguard the legitimate interests of the non-official employees of co-operative institutions. He exhorted the employees to cultivate the co-operative virtues of courage, self-reliance and spirit of sacrifice and service.

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The Indian Stores Department have, it is understood, placed orders with various Provinces and States for 628,500 handloom blankets for delivery by March next. Negotiations are also in progress with several other Provinces and States and further orders may be placed shortly. These purchases are in part against an allocation made by the Eastern Group Supply Council for 400,000 blankets and, in part, against Supply Department indents.

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It is reported that orders for over 18,000,000 yards of textiles were placed in India by the Eastern Group countries the chief indentors being Australia, New Zealand, Singapore, the Middle East, South Africa and South Rhodesia.

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Handloom fabrics valued at over Rs. 9,56,000 were reported to have been sold by various handloom weavers' societies in the year 1939-40; the highest sales being (Rs. 3,09,000) recorded by the United Provinces followed up by Bengal with Rs. 1,95,000, Madras with Rs. 1,63,000, Bombay with Rs. 1,23,000 and Bihar with Rs. 1,01,000.

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In Mysore, according to the three-year plan drawn up by the Industries Department, a sum of three lakhs of rupees has been set apart by the Government to be placed at the disposal of the Cottage Industries Committee for the development of cottage industries. For the current year a sum of Rs. 1,32,000 has been allotted. The Cottage Industries Committee have resolved to start immediately six centres for button-making out of which two would be reserved for gosha ladies. Paper making as a cottage industry is also sought to be encouraged.

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A Scheme of Debt Conciliation was introduced in portions of the Mysore State in July 1938 under the Debt Conciliation Act of 1937. The Government recently introduced a Bill to amend the Act. The most important provision of the Bill relates to strengthening the element of compulsion by providing that when an agreement was arrived at between the Debtor and the Creditors to whom more than 50 per cent of the dues were due, the Conciliation Board might pass an order that the other creditors also should accept the offer made by the debtor, if in the opinion of the Board such offer was a fair one. A non-official amendment to the Bill was moved for making the decisions of the Board binding upon the creditors whether they agreed to the same or not, in other words to widen the application of the principle of compulsion in conciliation of debts. The amendment was accepted and the Bill as amended was passed by the Representative Assembly, Mysore. In the course of the debate on the Bill it was stated that the agricultural indebtedness of Mysore which stood at 35 crores in 1935 had now increased to about 45 crores, the average debt per capita is Rs. 350; the average holding is about 5 acres.

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A society for marketing fruits grown in Wynaad (Malabar) area has been registered. The oranges grown in this area are estimated at 1000 lorry loads, a year, each lorry load to contain about 25,000. The fruits will be graded by an expert to be deputed by the Madras Government. It is decided to open sales depots at Calicut and Bangalore. The Society is understood to have approached through the Provincial Marketing Officer to the Government of Madras the railway authorities with a request to allow concession for the fruits to be sent by trains to important places in South India.

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The Government of Travancore expressing their faith in the potentialities of the co-operative movement, as an efficient factor in promoting economic life in various spheres such as agriculture, development of cottage industries and organising and marketing of agricultural and industrial products, have decided to appoint an Advisory Committee for the purpose of helping the Registrar of Co-operative Societies in drawing up a scheme for the reconstruction of the financing banks and the restoration and development of non-credit activities.

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A sum of Rs. 3,000 has been sanctioned by the Government of Travancore as donation to the Y.M.C.A. for carrying on rural reconstruction work in the State during 1942.

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It is announced that H. E. H. the Nizam has given his assent to the Hyderabad State Bank Bill, passed by the Legislative Council. The authorised capital of the Bank has been fixed at Rs. 1½ crores, of which only Rs. 75 lakhs divided into fully paid shares of Rs. 100 each are to be issued in the beginning, the maximum holding by an individual either jointly or severally being limited to two hundred shares. Two seats have been allotted in the directorate for those elected by the board representing industrial interests as also those of land mortgage and co-operative banks.

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The progress made by the Bihar Mass Literacy Movement is impressive. It is reported that 10,65,821 persons (including 21,744 women) were made literate

and 6,25,696 persons were under instruction in post-literacy course up to the end of March 1941. With a view to preventing the new literates relapsing into illiteracy, a three-month post-literacy instruction was provided after the completion of the pre-literacy course. Lately a post-literacy test has also been introduced. Besides, there are literacy centres in all the jails of the province and in the central jails, many prisoners have passed Lower and Upper Primary examinations.