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THE

MADRAS JOURNAL OF CO-OPERATION

APRIL 1942



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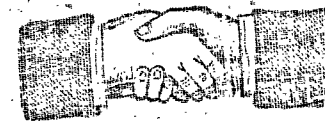
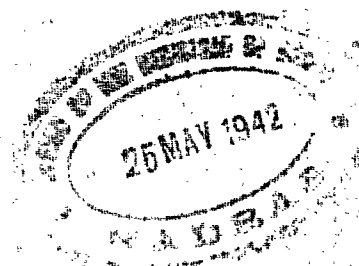
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APRIL, 1942



The Madras Provincial Co-operative Union,
LUZ, MYLAPORE, MADRAS.

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The Madras Provincial Co-operative Marketing Society, Limited.

582, Pycrofts Road, Triplicane, Madras.

(Registered Under Madras Act VI of 1932.)

Head Office ... 582, Pycrofts Road, Triplicane, Madras.
Fruit Branch ... 38, Bunder Street, G.T., Madras.
Provisions Branches ... 327, Mint Street, Madras.
1/14, Pondy Bazaar, Theagarayanagar.

President: RAO BAHADUR SRI M. GIRIAPPA, B.A.

The following are the main objects of the society:—

- to arrange for the sale of produce of the affiliated societies and other members to the best advantage;
- to act as agent of members for the disposal of their produce;
- to co-ordinate the activities of the various non-credit societies by getting them into touch with the market, places of production and the prices prevailing in the presidency;
- to serve as an information bureau of raw products available in the presidency or elsewhere.

Commodities available in the Head Office at Triplicane and Branch at Mint Street.

Handpounded raw rice, milled raw rice, boiled rice, Ghee, honey, toothpowder, seekai, jaggery, dholl, gingelly oil, turmeric powder, coffee seeds, tea, eucalyptus oil and graded eggs.

Commodities available in the Fruit Depot., at 38, Bunder Street, G. T., Madras.

Kodur sathgudi oranges, limes and sapotas.

The Madras Provincial Co-operative Marketing Society, Ltd., Madras was started in 1936 with the object of eliminating the middlemen as far as possible and bring the producer and the consumer in closer touch by supplying the quality goods of the producers at reasonable rates.

Nine employees' societies in the Madras City and four students' hostels are purchasing goods from us. We earnestly appeal to other societies to avail themselves of this opportunity and extend the benefit to their members.

We also appeal to the co-operative loan and sale societies which have not become members of the Marketing Society to join immediately and send their surplus goods for sale.

We request the various co-operative stores in the province to encourage us by purchasing their requirements from us.

Prompt attention will be paid in executing the orders.

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CHANGE OF ADDRESS.

The Office of the Madras Provincial Co-operative Union, Madras, will be temporarily shifted to The Salem District Urban Bank, Ltd., Salem, and all communications should henceforth be addressed to Salem only.

Sub: Journal of Co-operation.

Co-operative Journals—foreign and inland—which are getting the Madras Journal of Co-operation in exchange are kindly requested to address them to the Editor, The Madras Journal of Co-operation, C/o The Servants of India Society, Royapettah, Madras, until further notice. As for the business side of the Journal, all correspondence should be addressed to the Madras Provincial Co-operative Union C/o The Salem District Urban Bank, Ltd., Salem. These changes may please be noted to avoid inconvenience and delay.

April 20, 1942.

K. BHASHYAM,
Hon. Joint Secretary.

THE Madras Journal of Co-operation

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[No. 10]

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

Editorial Notes.

Grow More Food.

We need make no apology for harping on this subject time and again and also drawing pointed attention to certain aspects of the problem. A perusal of the radio talk by Mr. G. W. Priestley, I.C.S., Member, Board of Revenue, reproduced elsewhere gives a fairly complete picture of the position in the presidency and what measures, if adopted and pursued with vigour, are likely to yield satisfactory results. We await with interest the decisions of Government on the many urgent questions under their serious consideration, for it is needless to say that on the liberal attitude of Government depends much of the success of any campaign for growing more food crops.

We shall not be considered in indulging in vain or carping criticism if we venture to state that in most of the problems tackled by the Governments in India, the words "too late" are writ large. Planning, which is essential for movements such as these, has to be carefully thought out with the necessary machinery to put it into effect and that too sufficiently early before the problems assume a serious aspect. So far as Madras is concerned, we have yet to know what extent of unoccupied land is fit either for wet or dry cultivation, and whether some sort of survey has been conducted as to the kind of crops which can be grown, whether the landless labourers will be available to undertake cultivation, and if so what inducements are

necessary. Of the factors of production, land may be available; but capital and labour are also absolutely necessary. How best to secure them will have to be considered. The situation of the kind that has risen necessitating increased cultivation of food crops ought to have been envisaged long ago and necessary data with practical measures ought to have been ready. Even now we are afraid 'red-tape' will continue to function and retard even early formulation, much more execution, of plans for increased production.

It is gratifying to read the Press Note issued by the Government of Mysore inaugurating a food production drive by offering various special concessions to ryots. The Note portrays faithfully the existing situation and mentions measures which are likely to lead to increased food production. As the subject is so important and the measures proposed appear to be somewhat reasonable, we feel we shall be justified in reproducing the Press Note so that all concerned may take note of them and adopt such of them as are useful, probably improving on some of them to suit the peculiar conditions in different tracts of the province. In doing so, we earnestly implore the Government of Madras not to delay a day longer than is absolutely necessary to launch the food production drive and pursue it with unabated vigour. The Departments of Government intimately connected with this subject should for a moment lay aside all routine work and devote themselves whole-heartedly to this important task.

The part co-operation can play in this all-important work is by no means small. Every co-operative society should stock improved varieties of seed and manure, obtaining the quantities, if necessary, on consignment basis from the Department of Agriculture and supply them to members, subject to the cost being recovered after harvest. The prices ruling in respect of food grains are by no means unattractive and they are also bound to rise in the months to come. If care is exercised in advancing loans in kind, there would be no difficulty in recovering the cost after harvest. The Department of Agriculture should have no hesitation in supplying the improved varieties of seed and manure to societies on consignment basis as invariably the quantities stocked will be based on indents of requirements obtained from members. To non-members, the Department should directly supply, now that the District Agricultural Officers are empowered to grant loans for the purchase of seed and manure upto Rs. 50. Those requiring more assistance can secure loans from the Revenue Department. But when granting loans the Revenue Department should see the loans are utilised for the purpose for which

they are granted viz., purchase of seed and manure. All these suggestions postulate complete co-ordination and co-operation not only between different Departments of Government but also of the cultivators as well.

The Press Note of the Government of Mysore to which we have referred earlier runs as follows :

"The total area under paddy has varied from about 7 lakhs of acres to 8 lakhs a year, according to the conditions of rainfall and water-supply in tanks. Trade statistics also show that Mysore has had to import every year 10 to 20 lakhs of pallas of paddy, valued at from Rs. 50 to Rs. 100 lakhs. In view of the international situation the problem of the supply of rice has become very acute owing to the difficulty of obtaining supplies from places from where the State was importing hitherto. It has, therefore, become imperatively necessary to devise measures to grow more paddy locally so that the requirements of the people of the State may be met. A scheme has already been sanctioned by Government for a period of three years by which the deficit is intended to be covered in part by increasing production in 21 taluks of the State. There is, however, a large extent of unoccupied irrigable land which has not yet been brought under cultivation and the disposal of these lands has been slow, mainly owing to the inability of the applicants to pay the value of the lands. Government, therefore, consider that some special concessions should be granted to persons intending to bring these areas under cultivation and that the normal procedure of 'darkhasts' should also be simplified so that the delay in the grant of lands may be minimised as far as possible. Government have now empowered the Deputy Commissioners to lease out unoccupied irrigable lands under channels and tanks for temporary paddy cultivation for a period not exceeding three years with certain concessions as to payment of assessment. The persons who bring the lands under cultivation will have the option of purchasing the lands for a reasonable upset price at the end of the period of lease viz., 3 years. Government have further directed that paddy cultivation on marshy lands may be encouraged by waiving the assessment provided the lands do not use channel water directly.

Government further consider that out of the area in holding under the Irwin Canal, a further extent of 30,000 acres may be brought under cultivation by adopting the methods indicated below :—

The order extending the village reserve for purposes of prohibition of wet cultivation to two furlongs zone of the village, may be held in abeyance for the present in villages in which it has not already been brought into effect except in cases where the health conditions of the village are specially bad, requiring the reservation of the entire belt of two furlongs. In the remaining villages, irrigation may be permitted up to

the limits up to which it is now allowed. Out of the 15,000 acres reserved for cotton cultivation, 10,000 acres may be grown with paddy either by itself or after cotton. Out of the 25,000 acres coming under semi-dry under the triennial rotation in force in this area, 10,000 acres may be permitted to be sown with drought-resisting paddy."

Government are informed that the four projects in T. Narsipur, Malvaik, and Maddur taluks for extension of irrigation are likely to bring an additional extent of 3,500 acres under irrigation. Government consider that these projects may be taken up and executed as early as possible.

Besides the irrigable lands in above mentioned taluks, there are also large extents of assessed waste, surrendered Amrit Mahal Kaval, date reserves, disafforested areas and other cultivable lands which are lying unoccupied. Government consider that as large an extent as possible out of these lands should also be utilized to grow food and fodder crops, particularly pulses and that some concessions should be granted to induce persons to take up these lands. They have therefore directed that Deputy Commissioners should be authorised to grant such unoccupied dry lands for temporary cultivation for growing food crops on a three-year lease basis, subject to the lands being held rent-free during the first year and to half assessment being levied in the second and the third years. The persons bringing the lands under cultivation will be given the option to purchase them at suitable upset prices at the end of the lease. Portions of beds of all tanks which are beyond the water-margin, including the water spread of the Krishnarajasagar will be granted for eksal cultivation for growing vegetables, Bengal gram, jola etc., in the dry season. In the case of unreserved lands, Amildars will be empowered to put darkastdars in possession of the land pending the completion of formalities and the issue of final orders on the darkast.

In places where there is keen demand for lands for cultivation, the lands under the control of the Excise, Amrit Mahal and Forest Departments will be surrendered more freely than at present for growing food crops.

"By way of further facilities to agriculturists, improved varieties of seed and manure will be stocked and supplied by the Agricultural Department, wherever necessary, subject to the cost being recovered after harvest."

Urban Banks.

We invite the attention of our readers to the speech of the Registrar of Co-operative Societies delivered recently at Erode and reproduced elsewhere. The Registrar rightly opined that "it needs no emphasis that the claims of the small man should have preference over the demands of the bigger man and the proper test of a typical urban bank ought to be how far it has been meeting the claims of the former." It would be interesting to study facts and figures of

urban banks to find out how many of them satisfy this test and what steps are necessary to set right the defects noticed in this regard. This is a line of investigation we heartily commend to the Provincial Bank. It is a common belief that there is a growing tendency on the part of urban banks to issue more loans and for longer terms on the security of immovable property. While it may be consistent with so-called business principles to indulge in this kind of banking, we agree with the Registrar that to the extent such loans predominate to that extent we are departing from the fundamental principles of co-operation. Moreover, the urban banks should guard themselves against freezing of assets and fluctuations in the value of house property when the immovable security is in that form. The Registrar rightly emphasised the need for capitalisation of character and suggested that urban banks should advance a larger proportion as short-term loans on personal surety and repaying capacity. He pleaded for loans on the pledge of jewels and advances against the insurance policies, Government Securities, debentures of land mortgage banks, agricultural produce, industrial products, etc. He also put forward a special plea, and we notice Sri T. A. Ramalingam Chettiar endorsed it, for helping artisans who require credit and who cannot offer any tangible security. As the points raised by the Registrar are of general interest affecting urban co-operation, we have ventured to draw attention to his remarks.

May we in this connection also reproduce the remarks of the Registrar of Co-operative Societies in his last Administration Report and commend them for the consideration of urban banks? He observes:

"On 30th June 1941, there were 154 such banks. These banks issued during the year loans totalling Rs. 104.20 lakhs, and recovered Rs. 113.16 lakhs, leaving at the end of the year a balance of Rs. 150.28 lakhs outstanding against members. The arrears at the end of the year were Rs. 33.03 lakhs, which represented 25.6 per cent of the demand. Of the loans outstanding against members, as large a sum as Rs. 81.85 lakhs, that is, about 54 per cent, was on the mortgage of immovable property. I may, in this connection, mention that I have been observing a tendency on the part of these banks to degenerate into house-mortgage banks and 'Nidhis' and that they are slowly losing their co-operative character. Urban banks, with their short-term funds, are not fitted to give house-mortgage loans which will take a long time for repayment, and the unsound practice of locking up funds in mortgage loans is partly responsible for the bad condition of many banks. Secondly, in urban areas where traders, professional men and artisans form a

large proportion of the members, it should be the endeavour of banks to increase the facilities afforded to the members by the development, with adequate care and precaution, of jewel loans, current accounts and cash credits, ensuring at the same time a more rapid turnover and a diversion of funds from unproductive channels to trade and industry. Further, lending on the mortgage of immovable property requires expert and technical knowledge and urban banks which have neither the facilities enjoyed by, nor the arrangements obtaining in land mortgage banks as regards examination of title-deeds, verification of encumbrances, initial and periodical valuation of securities, etc., are ill-fitted to undertake this business.

Speaking at the Gujarat Urban Banks Conference, Dewan Bahadur H. L. Kaji raised two points on the sphere of urban banking, to which we may as well refer as they are of general interest. He suggested that a co-operative urban bank may engage itself freely in banking operations on a larger scale like any banking institution registered under the Companies Act. It is needless to point out such expansion of business militates against the fundamental principles of Co-operation. The co-operative form of organisation is essentially for individuals and groups joining together for a common economic purpose. The members should as far as possible possess mutual knowledge. Necessarily its membership should be restricted to the compact area it serves. Moreover, if the urban bank undertakes to satisfy the credit requirements of those who need them on a larger scale, the needs of smaller men will be starved. To this fact, the Registrar of Co-operative Societies, Madras, drew pointed attention at Erode. Therefore, while on principle there can be no objection for an urban bank to engage itself freely in banking operations, such operations must necessarily be confined to a limited area, to a limited membership and to a limited extent, consistent with its responsibility for all members, big and small. On the question of extension of banking facilities, the Committee on Co-operation favoured the provision of greater banking facilities but deprecated any attempt to discount bills as distinguished from the collection of bills. This recommendation has been accepted by Government. Dewan Bahadur Kaji pleaded for greater initiative and latitude being allowed to urban banks, untrammelled by the exercise of wide powers possessed by the Registrar under the Statute and the rules framed under it, especially in view of the fact these institutions, situated as they are in urban areas, consist of well-informed persons. We endorse this suggestion and we have no doubt the Department would be wary in exercising their controlling powers. Instead of seeking an exceptional position, the urban banks can by their exemplary conduct and avoidance of party strife, which unfortunately mars the smooth working of banks in some areas, secure immunity from needless interference. With regard to formation of separate audit unions or federations for urban banks, experience seems to differ in various

provinces. In Madras there were three audit unions at the end of the year and the Registrar reports that he has cancelled their registration since then. Without going into the reasons for their failure, it may be said that there is overwhelming opinion in favour of the continuance of audit by Government staff and it is recognised, however one may cry against official interference, that the flow of money into the Movement "is not a little due to this fact." But the suggestion of Dewan Bahadur Kaji may be tried where conditions are favourable and where the prospect of the confidence of the investing public being shaken is remote.

Supervision.

For the success of the Movement, efficient internal supervision besides external authority is absolutely necessary. The strength of the Movement depends on the amount and efficiency of internal supervision it can provide. Therefore, we are somewhat disappointed with the cursory notice given to this important topic in the Administration Report. The Report says:—

"For purposes of supervision, primary societies were grouped as follows:—

Affiliated to local supervising unions	...	...	8,781
Affiliated to Central Banks	...	...	2,010
Under the Fisheries Department	...	...	54
Under the Special Police Officer for Kallars	...	...	262

Much of the large number of societies continued to be under the supervision of supervising unions, which numbered 249 at the end of the year. District Central Banks continued to co-ordinate the activities of the unions, appointing supervisors and controlling their work. Rs. 1.42 lakhs were collected from societies towards the supervision funds, and Central Banks according to their by-laws paid into the funds a sum of Rs. 1.39 lakhs. In addition to this, Central Banks also contributed Rs. 1.30 lakhs. Including the sum available at the beginning of the year, the total amount pooled for purposes of supervision was Rs. 4.55 lakhs, of which Rs. 4.14 lakhs were spent during the year."

On page 21 of the Report, the Registrar gives a comparative statement of medium-term and short-term loans issued during the last three years to indicate that slowly and steadily there has been a fall in the medium-term loans issued by the central banks. They are as follows:—

Year.	Medium-term. Rs. Lakhs.	Short-term. Rs. Lakhs.
1938-39	...	63.41
1939-40	...	46.82
1940-41	...	39.12

On the question of medium-term and short-term loans, we have more than once stated our views and we do not propose to repeat them. Our object in drawing attention to this statement is to show the utter inadequacy of the provision made for supervision. In the extract given above, it will be noticed during last year Rs. 4.14 lakhs were spent on supervision and of which Rs. 1.42 lakhs were collected from societies. It is our earnest opinion that the larger the amount involved in short-term loans, the greater is the need for more efficient supervision. Otherwise overdues will mount up, causing serious dislocation in the business of the Movement. Some Central banks should be required to make increasing provision for supervision. It is in their own interests to do so. Such of them as are not amenable to reasonable persuasion must be compelled to make adequate provision. In the long run it is sure to prove a paying proposition as intensive supervision will lead to increased business, regular collections and adequate returns.

Then there is the question of agency for supervision. It is gratifying to learn that there are still 249 supervising unions and 8,781 societies are affiliated to them. We feel the number of unions is comparatively small, taking the large number of societies entrusted to their care. It is necessary to examine the whole question again in the area of operations of each central bank and set up or restore sufficient number of unions, consistent with the cost of management and efficiency. Whether the central banks should continue the work of supervision must also be decided soon so that there is one system of supervision throughout the Province. The Government have definitely vetoed the majority recommendation of the Committee on Co-operation which sought to give the option of retention or abolition of supervising unions to the decision of the central banks concerned. It is not known who the deciding authority should be. If it is the opinion of the Government that the existence of the supervising unions is necessary, we would like them to say so and direct the Registrar of Co-operative Societies to take necessary steps to bring them into existence. The matter cannot brook further delay as supervision at present exercised is inadequate, thereby affecting seriously the future of the Movement. If the threat of the Registrar contained on page 54 of the Administration Report is carried out and the assistance of the departmental staff is not forthcoming in collection work, the central banks who have no adequate supervisory staff will be faced with a serious situation. We earnestly implore the Government to announce their policy in regard to supervision. It is noticed the Government of Bombay have recently made such an announcement. We propose to deal with the Bombay scheme in a subsequent issue; we refer to it merely to show that it is an urgent and serious matter on which the decision of the Government of Madras cannot be postponed long.

Agriculture in Canada.*

By RAO SAHEB R. RAMASWAMI IYENGAR.

The report of the Minister of Agriculture for the Dominion of Canada for the year ending 31st March 1941 is a document of considerable interest to all those charged with the responsibility of promoting and safeguarding the interests of the basic industry of agriculture, both in peace and war time. The Department of Agriculture comprises four distinct primary services—Science, Experimental Farms, Production and Marketing, each under a separate Director and comprising a number of divisions dealing with specific phases of agriculture. There is in addition an Administrative Service, controlling the activities of a general nature and certain activities related directly to war effort under the Deputy Minister.

The Science Service consists of five Divisions—Animal Pathology, Bacteriology and Dairy Research, Botany and Plant Pathology, Chemistry and Entomology, each devoting itself to the solution of practical problems of agriculture through the application of scientific investigation.

The Animal Pathology division carries out examination of specimens and samples, blood and serum tests in the laboratory and manufactures tuberculin, mallein, johnin and other biological products. It examines samples of vaccines, virus, serum and pest control products and sends reports and recommendations to officers. It carries out research into the more important diseases of live-stock, poultry and fur-bearing animals.

Research was conducted in regard to the Bang's disease of cattle, Red water of Bovine Haematuria, diseases among swine, equines, sheep and poultry and distemper in fur-bearing animals.

Dairy research included studies on the influence of "Mastitis Milk" on quality and yield of cheddar, cheese, on the removal of surface defects on stored butter, flavour defects in pasteurised creamery butter and on the bacteriology of creamery water supplies, and the investigation of the cause of rancidity in cheddar cheese.

The Botanical Section made considerable progress in the augmentation of the Herbarium and in the identification of the plants in the Botanical Garden. Increased attention was given to the

* Based on the Report of the Minister of Agriculture for the Dominion of Canada for the year ended March 31, 1941.

production of medicinal plants, due to urgent need for increasing Empire Production consequent on the stoppage of supplies from Central Europe.

The Plant Pathology section carried out survey of plant diseases—stem rust of wheat and oats, the smut diseases of oats, yellow leaf block on wheat, bacterial wilt of alfalfa, root rot of sweet clover, blights of beans, disease of potatoes, seed-borne diseases were all investigated. The Branch laboratories in the different centres carried out very useful work designed to protect crops from pests and diseases and the production of wheat, oat, barley, potatoes, turnips, carrots, apple, strawberry, peaches, tomatoes, tobacco etc.

The Chemistry division attends to questions relating to soils and fertilizers, animal nutrition, plant chemistry and food investigations.

The Soil section undertook investigations into the cause of occurrence of brown root rot of tobacco by studies of soils from diseased and healthy areas, and studies of phosphorous status of soils to determine the causes of phosphate fixation and the reason for response to phosphatic fertilization on some soils and not on others. Nutrition work with digestive trials on sheep and swine was continued.

Grasshopper outbreaks, cabbage maggots on turnips, control and life history of the potato flea, beetle and the conduct of potato and pea aphid surveys, control of flower garden insects, use of ovicides and larvicides for the control of boring insects, studies of the European Corn borer, the control of the tobacco-worm and insects attacking beans and sugar beets investigation of forest insects and insects affecting stored grain and cereals, live-stock and insects troublesome in dwelling houses, engaged the attention of the Entomological Division. Among measures undertaken to control insects damaging food and commercial crops the most interesting is the biological control attempted on a large scale. Parasites have been propagated and distributed to control many different important pests.

The Experimental Farms Service has many divisions and sections embracing in their fold activities relating to Animal Husbandry, Apiculture, Breeding, Testing, Milling etc., of cereals, fibre production, weed control. Soil fertility, soil erosion, agricultural engineering, activities connected with the forage plants, horticulture, improvement of poultry, questions connected with tobacco crop improvement, demonstration farms and trial plots

in different centres. This service is in charge of distribution of seed and breeding stock, maintenance of records of cost of producing crops at the experimental stations. It undertakes the preparation of standard drawings and plans for farm buildings for general distribution and answers all enquiries from farmers and others relating to farm buildings. Advice on cold storage and packing plants is given. Very interesting and highly useful work of an extremely practical character on local agricultural problems affecting food, and commercial crops, plants, domestic animals, etc., is done at the numerous branch farms, stations and sub-stations. Work done at more than thirty such stations and farms is described.

The report then proceeds to explain the work of the production service which comprises four important divisions with a number of sections under each. One division is in charge of health of animals responsible for the administration of the Animal Contagious Diseases Act and the Meat and Canned Foods Act. These statutes lay down measures to prevent the introduction into the country of serious contagious diseases of live-stock and to control and eradicate animal diseases found in the Dominion. Meat and canned foods are inspected and the regulations governing such inspection are administered. Another Section "The Live-Stock and Poultry" section administers the various policies concerned in the production of horses, cattle, sheep, swine and poultry and in addition the Live-Stock Pedigree Act. Breeders are assisted and encouraged in the development of higher and more economical production and reliable information is given for the guidance of both sellers and buyers. Stations have been set up to test and certify the important breeding stock. Bulls of good quality are loaned to improve the type and quality of live-stock to organized groups of farmers. Every encouragement is given to those who show interest and initiative in live-stock improvement work. In some cases, part of the purchase price and transportation charges of animals are borne by the Government. Live-Stock Clubs are organized and actively assisted and these form an excellent medium for practical training of young people in the breeding, feeding and management of live-stock and in the production and marketing of commercial live-stock and live-stock products.

A third division has as its functions, the administration of the Seeds Act, Feeding Stuffs Act, Fertilizers Act, Pest Control Products Act, Inspection and Sale Act, Hay and Straw Inspection Act. The main object of these Acts is to prevent fraud in the sale of the

respective products and, by setting up standards, to improve the quality of seeds, feeds, fertilizers, pesticides, binder twine, hay and straw sold for local use and for export. Promotion of production of superior varieties and quality also falls under its purview. The division has an inspection staff and a laboratory staff, the former for administering and enforcing the various statutes and the latter for testing samples submitted by the inspectors. The inspectors supervise and certify large quantities of seed through regular trade channels and issue registrations and licenses required by the statutes. Information regarding the production and marketing is published periodically and since the war, the division has extensively promoted the production of certain field root and vegetable seeds. The services done are of exceptional importance in that they secure highly specialised services to the farmers and help to maintain the quality and excellence of seeds and fertilizers both at home and abroad.

The fourth division "Plants Protection" division is charged with the enactment and enforcement of regulations under the Destructive Insect and Pest Act designed to prevent admission into Canada or spread inside the country or shipment beyond her borders of any insect, pest or disease destructive to vegetation. Its activities include among others, inspection of import and export shipment of plants and plant products, maintenance of quarantine, issue of health certificates etc.

Marketing is the major problem in the agricultural industry. The fruits of the labours of farmers are realizable only through an efficient marketing organization which would assist them with advice and information as to the favourable markets in and outside their places of production, bring consumers into touch with producers either directly or through well organized groups of producers or through intelligent and reliable traders or trading institutions. Export markets have to be studied and timely marketing intelligence secured for the benefit of the primary producers. Discussions with representatives of Government in consuming countries should be arranged and facilities procured for maintaining export markets. Advertisements of educative value should be made and farmers informed of the taste and requirements as to finish, weight and quality for export trade in particular countries. Sales on co-operative basis should be encouraged and fostered by advances to primary producers who agree to sell their produce through co-operative agencies. The

farmers should be apprised in time of the prospects of production of various crops, their price tendencies and market currents.

All this information is made available by the Dominion Department through its Marketing Service. A special division is at work to safeguard the interests of the Dairy Industry. It administers Acts and Regulations intended to secure proper grading and inspection of dairy products and connected industries. It maintains services for transportation of dairy products over long distances through agreements with different railway companies for provision of ice refrigerator cars. Inspection of cargo is also arranged.

Another division known as "Economic Division" is engaged in research projects to bring about improvements in farm management, marketing agricultural products and land use. The staff collects and analyses economic information for the various marketing boards functioning in the country. Economic surveys of apple industry was undertaken and reports submitted by business organizations of their activities were tabulated and furnished to co-operative agencies and interested persons.

One division is engaged in the administration of the Fruit, Vegetable and Honey Act, Meat and Canned Foods Act, Maple Sugar Industry Act which deal with the grading, packing, marketing inspection and shipment and sale of such products in export, import and interprovincial sale. Licensing of Commission agents, dealers and brokers is provided for under the first mentioned Act. Activities include collection of crop and market information, publicity connected with fruit, vegetables, maple products and honey and grant of assistance in procuring facilities, warehousing and transportation matters.

There is yet one more division attending to the administration of the Live-Stock and Live-Stock products Act and supervision of public live-stock markets.

The administrative service of the department has various functions, such as publicity and extension, responsible for printing and distribution of Departmental Publications, maintenance of mailing lists, revision of old publications, supervision and direction of exhibition work of the whole Department, arrangement of Radio Talks, preparation of photographs and lantern slides.

Such in outline is the work of the Dominion Agricultural Department and its varied activities and ramifications. Every phase

of agricultural industry receives its due share of attention. The Department includes in its scope all aspects of agriculture, scientific, educational, demonstrational and economic. All allied activities are centered in it. There is unity of direction and clarity in comprehension of the objectives. It does all that could be expected of a well directed department of agriculture working under an enlightened administration which realizes its responsibility to the nation and possesses the freedom to carry out its policies and programmes for safeguarding and promoting the interests of the agricultural community whose prosperity bespeaks that of the whole nation. There is commendable co-ordination of the different activities directed to the welfare of the agricultural industry. The economic policies of the State, the careful study of the distresses and difficulties of farmers, the prompt and decisive action to help the agriculturists in abnormal times, the wonderful system of statistics and the facility with which they are collected and maintained up-to-date, all go to show the readiness and anxiety of the Government to maintain the agricultural population prosperous and contented. In comparison with the huge organization and the stupendous undertakings of the Department in this Dominion, our own Provincial Departments pale into insignificance. Ours can neither conceive nor carry out any national policy nor can they command funds to finance any great projects of public utility on any comprehensive scale. The Central Government is very meticulous of its spheres of influence and intervention and the Provincial Governments have yet to decide how they could shake off the shibboleth of an outworn system of administrative machinery. Departments work in spheres of their own and co-ordination and co-operation are more in the air than earnestly practised. Evolution of programmes, calling for concerted action is slow and their execution when evolved is tardy and casual. The reports on the work of the Departments here are jejune. They do not present even to the interested public any connected idea of the activities. The value of proper statistical representation of achievement and progress is not adequately realized. There is a great leeway to make up in many lines, especially in the marketing organization and in the building up of a statistical bureau which every department of agriculture should equip itself with, if it is to act in emergencies when the economic conditions call for immediate and prompt solution of difficult but essential problems, such as planning of crop production suited to the economy of small holdings, expansion of markets for staple and cash crops, regulation of marketing, adjustment of tariff, control whenever necessary of unconscionable prices especially of food stuffs, improvement of cheap transport facilities and such other remedies calculated to resolve the economic causes of distress and depression among the farmers.

The Tiller of the Soil in a South Kanara Village.

By R. B. NAGRIMULE, B.A.

Agriculture is the mainstay of the major portion of the Indian population. Conditions of the agriculturists vary from place to place. Here the conditions of a representative rice cultivator in a not remote village in South Kanara are portrayed.

The representative tenant in question pays an annual rental of 32 muras of rice (a mura being between 87 and 91 pounds in weight) and Rs. 5. He has leased out paddy fields with a seed area of $5\frac{1}{4}$ mura, an aggregate of 25 cocoanut trees, a small area of forest region, a thatched cottage of three rooms and a verandah and a dilapidated cowshed. The paddy fields are two-crop fields.

The yield from land varies with the crop. The first crop yields about 10 muras of paddy and the second crop about 8 muras of paddy per mura of seed area making an aggregate of 18 muras of paddy, or $8\frac{1}{4}$ muras of rice. For all his fields together, the yield is about 44 muras of rice and the cocoanut trees will yield about 375 cocoanuts, at the rate of 15 per cocoanut tree.

Out of the above total, the tenant has to meet the expenses of cultivation, pay the rent and maintain his family. Ploughing, sowing, transplanting, reaping and husk removing are the main agricultural operations. Evidently, a mura of seed area requires two muras of paddy as seeds for the crops. For manuring the fields, ploughing, sowing and transplanting, he may require about a mura of paddy. Reaping costs a tenth of the produce, or about two muras of paddy. Thus the total cost comes to about 5 muras of paddy per mura of seed area. The total expenses of production for the cultivator in question comes to about $23\frac{3}{4}$ muras of paddy or roughly 13 muras of rice. Deducting all these the balance is only 31 muras of rice. But the poor cultivator has to pay a rental of 32 muras of rice. The sale of cocoanuts at the present market rate will give him Rs. 15. A rupee is the cost of manuring the trees. Hence in all, he has 31 muras of rice and Rs. 14, out of which he has to pay 32 muras of paddy and Rs. 5. Either he borrows, or he foregoes a part of the earnings of his family for the part taken in agricultural operations. Deducting the only remuneration for hired labour (hiring is necessary, since the operations have to be expedited lest the harvest should be poor) the tenant may have 38 muras of rice and Rs. 14.

After paying the rent, a family of 5 or 6 must live, rather starve, on the six muras of rice and Rs. 9. The cash may be spent for dress and ceremonies. This actually means partial starvation. He has not the means to house his family in sanitary quarters. As for clothing, he is satisfied with a pair of sarees for his wife and daughters and a worn out piece for himself and an equally poor sartorial equipment for his sons. The dress of family cannot possibly have an occasional washing with soap. Lastly, the ryot has to feed his livestock, which consists of a pair of bullocks, hovering between life and death, meant for ploughing purposes.

The above remarks regarding yield are made with reference to a normal harvest. But variation from the normal is more often the case than not. The vagaries of the monsoon have to be reckoned with. If a finance member could say that the Indian Budget is a 'gamble in rain', with much more emphasis and truth can it be asserted that the daily bread of the agriculturist is a 'gamble in rain'.

Some landlords demand caution deposits from the tenants at the very outset of the lease. This makes it possible for the landlords to get high rents even in times of distress. For the tenant can terminate the lease and quit the place only at the sacrifice of the deposit, and the latter invariably happens in such cases.

Usually the lease is annual. But the lease is renewed only if the demands of the landlord are satisfied and if the whims and caprices of the landlord do not demand eviction.

Before gathering the harvest, the tenant must present the landlord with a basket of vegetables and get the formal consent for reaping. The tenant has to do compulsory labour at the landlord's bidding. Usually compulsory labour is demanded on two occasions, namely, during the thatching of the landlord's house and collecting of hay stores. This labour is remunerated at a seer of paddy and a meal per day, while the usual rate of hire for labour is two seers of rice a day or four seers of paddy. Compulsory labour is also demanded in cases of ceremonies at the landlord's house. An occasional visit at dinner time at the landlord's is resented. A basket of vegetables is expected of him everytime he goes there.

The implements that the ryot uses are in 'Adam delved and Eve span' stage of technical evolution. He is satisfied with a wooden plough with a steel plate fixed to its fowest part and a pair of pickaxes and mattooties. He never dreams of tractors and reaping machines. He does not bother with improvements in implements

He is not in the know of recent scientific discoveries. He is not enamoured of radio, telephone, and television; and he refuses to believe that such things exist, even if explained to him by an energetic young man from the town.

In times of bad harvest the ryot resorts to borrowing. Usually borrowing is in kind and not cash. Two kinds of borrowing are found in the village. The ryot, usually hard up in April, May, June or July (the period when the demands on him are due) borrows a mura of rice and promises to pay the price ruling when borrowing plus a rupee at the time of the festival at Subramanya—a place of pilgrimage for the pious Hindu, situated near the Ghats. The festival comes off in November. The kind of borrowing is really a case of buying on credit. The interest works at not less than 22 per cent. per annum even now, when rice has an exceptionally high price.

The other class of borrowing is resorted to usually in the same period (April to July). The ryot borrows a mura of rice and promises to pay after the reaping of harvest (about October). Then he has to pay back $1\frac{1}{3}$ mura of rice. The interest rate in this case cannot be less than 50 per cent. per annum.

Subjected to this kind of rackrenting and extraordinarily high interest charges, it is no wonder that the Central Banking Enquiry Committee (1930) figures for rural indebtedness is 900 crores of rupees.

The relation of the ryot to the landlord is purely economic. But tradition and diplomacy of the landlord have tended to give it a religious colour. For example, on the first day of the Solar year (usually in the second week of April) the landlord and the other male members of his family sit after dinner on a mattress spread on the veranda of their house. All the tenants must turn up before them, in order, and present a vegetable basket (which varies with the distance the tenants have to come from and also with their caste) to the landlord, bow down (almost prostrate) in reverence to him, then to others seated on the mattress individually and be blessed by them. The process is undergone by every tenant in all scriptural solemnity. This and other practices tend to make the tenants believe that they are bound to the landlord not only by economic ties, but also by religious ties, since in Hindu society, prostration as well as the praises referred to, are not mere matters of courtesy but have a scriptural sanction and significance that partake of religious allegiance.

For the emancipation of the ryot, various measures have been suggested. The Madras Agriculturists' Relief Act is claimed to be one such. It permits only a moderate rate of interest (higher than the rate prevailing in the money market) and also provides for compensation for high interest charges in the past by the scaling down of debt. But the utility of the measure is less than what it appears to be at first sight. The financial difficulties of the ryot do not permit him to seek the aid of a court of law. Secondly, the interest rate is arbitrarily brought down in violation of simple economic laws. The measure cannot be effective unless the Government itself can lend so much as to maintain successively the interest rate low. Otherwise the lenders will rather freeze their liquid resources than lend, and debtors will rather pay high interest than go without loans, so much so that the interest will remain high, though not legally. The lenders are ingenious enough, or can hire ingenuity to escape from the clutches of law. They resort to the novel practice of drawing up documents for larger sums than actually lent. Evidently, the Debt Relief Act becomes only dead letter.

The co-operative movement has been suggested as another panacea for the ills of the present economic system. The help of the co-operative financial agencies are in two forms: produce loans and mortgage loans. The tenant in question cannot avail of the former kind of loans for the simple reason that he has no extra produce to pledge. The latter is out of question since the agriculturist owns nothing. Co-operation can be of great use in educated circles. But alas, the percentage of literates barely rises to two digits. Also, co-operation can help people who because of bad times have borrowed money but not beyond their capacity to pay. It is questionable whether the average agriculturist is solvent. When rural indebtedness shoots up to huge figures with progress of time, and when it is not less than 1,200 crores to-day, and also when the per capita income per year is about Rs. 60-0-0 (taking Dr. V. K. R. V. Rao's figures for the beginning of the last decade) it is questionable whether co-operation can be of great use and also one feels bound to suspect that the disease is chronic and has eaten into the vitals and that the system of land tenure (here ryotwari) requires overhaul.

Planning of the national economic life (which must include a radical readjustment of the land tenure system) in the interests of the nation as a whole and rapid industrialisation may bring about the economic regeneration of the nation. But the age long slumber of the traditional Indian can be put an end to, and be stirred to action by universalisation of education and a renaissance movement. Then only will the traditional Indian rise to a state (to quote Dr. Tagore of hallowed memory).

"Where the cool stream of reason has not lost its way in the desert sand of dead habit."

—Tagore (Gitanjali)

Grow More Food.*

BY G. W. PRIESTLEY, I.C.S.

I have been asked to talk to you on some matter that would arise in the series "The Common Cause" and have thought that it might be useful if I said something on the subject of Food. Letters that have appeared recently in the newspapers on this subject indicate that people are becoming exercised in their minds as to the adequacy of the food stocks and of the supplies of food grains grown in this Presidency.

The trouble arises out of the course of the war, particularly in Burma, which has resulted in the stoppage of the supplies of rice which normally come to the Madras ports—some to the East Coast ports—but mostly to the West Coast ports. The problem is complicated by the fact that this stoppage has affected not only Madras but also other parts of India such as Travancore, Hyderabad, Mysore and Bombay and also Ceylon—which are now coming to Madras for help.

Twenty years or so ago Madras might fairly claim to have been self supporting in the matter of food crops. Since then there has been an increase in the population but there has also been an increase in the area under crops. The factor that has had the most influence in making Madras no longer self-supporting has been the tendency to grow commercial crops such as ground-nut, cotton and sugar-cane which have for many years been more profitable to the grower than the old time customary growing of the food crops, cholam, cumbu, varagu etc., and paddy. At the present time we have it that in a normal year there is a gap between the quantity of food produced and quantity consumed in the Presidency. This gap is usually filled by imports from Burma and Siam. The deficit is not enormous and would probably not exist in any year in which agricultural operations went on without any setbacks whatsoever so that a bumper harvest was everywhere obtained. It appears larger than it really is, because of large imports of Burma rice into certain areas, where the Burma rice was used for consumption in place of the more valuable local product which was exported to other places where it could be sold to yield a considerable net profit on the deal. One of the chief places to which such exports were sent was Ceylon. Still the fact that normally there is a shortage, combined with the fact that other parts of India and Ceylon are looking to us for help to make up their deficiencies, renders it urgently necessary to increase the area under food crops.

To achieve this end the co-operation of everyone is needed and I would ask you all to do what you can each in your own sphere.

* A radio talk published with the kind permission of the All India Radio Madras.

Rice is the main staple food of the Presidency and Government have under consideration now measures which should materially increase the area under paddy, both in the Northern Deltas and in the Cauvery valley.

People who grow betel or plantains or even sugar-cane in wet areas,—I would advise—along with the other matters that they consider when deciding what crop to plant—to consider the possibility of being able to get their crop to the accustomed market. These persons in the Cauvery valley who rely on transporting their crop by passenger trains to Northern India will be well advised to reconsider their position in the light of the transport difficulties that are likely to arise. It is of no use to grow a crop which cannot be got to market. It would be better to grow paddy for which there is and will be market—with prices which are at present considerably better than those that have ruled in past years and which may go higher.

Cotton.—At present prices it is more profitable to grow cholam than it is to grow the varieties of cotton usually grown in the Bellary area.

Ground-nut.—Regarding ground-nut, it is difficult to speak. From our present point of view any extension of the area under ground-nut is to be deprecated—but there is a very definite demand for ground-nut for industrial purposes and at present the market price is rising. The extent of the demand I am unable to estimate—but growers are asked to remember that the favourable prices of this last season were probably largely due to the voluntary restriction of the area under ground-nut and they are asked when the time for the main sowings comes, to consider the situation as it then is, with care, before undertaking considerable extensions of their area under ground-nuts. In the coming season food crops are likely to be saleable just as readily as ground-nuts.

Certain other matters may be mentioned.

The question of the relaxation of the restrictions to allow of the cultivation of reserved (Poromboke) lands whose occupation is normally prohibited is under urgent examination.

It is hoped that orders will be issued shortly relaxing the restrictions on the cultivation of tank beds and on the cultivation of what are known in the Revenue Department as back-yards. Both tank beds and back-yards are usually adapted more to the cultivation of vegetable than of any other crops. And here I would appeal to the men of other occupations who are not usually cultivators, to grow as far as possible the vegetables that they usually need. Vegetables from the usual sources will probably continue to be available—but it is by no means certain that the fast and reliable transport required to move them from where they are grown, to the consumers, will continue regularly to be available. And the fact that many people are growing their own, will tend to have a very steadying effect on prices in the vegetable market. Time is short and I have mentioned only a few matters.

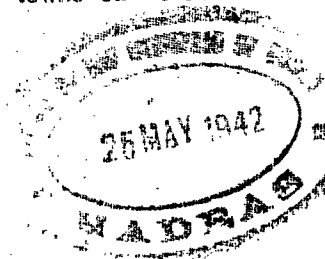
The thing that it is chiefly desired that listeners should remember of this talk is that all people who are able to grow more food of whatever kind should try to do so. Some troubles there may be that are likely to arise—chiefly out of the difficulties of transport, but these will not be left to take care of themselves. A special officer has been appointed with wide powers and one of his immediate duties is to see that food is transported from places where it is surplus to places where it is wanted and to try and arrange for transport facilities therefor. Again I would repeat that what listeners can do to help, is to try and grow such food crops as they can—and particularly their own vegetables.

In conclusion I would draw attention to three facts connected with the food problem :

First:—A water way is now open for traffic connecting the Northern Deltas with Madras City. This will be adequate for normally laden traffic.

Second:—In Madras City, the Triplicane Urban Co-operative Society has undertaken to keep open in times of emergency a net work of shops covering the whole city. These shops include its ordinary branches numbering 32 and its new branches to the number of 25 which have recently been newly opened with aid from Government. Arrangements have been made to keep these shops stocked and also to make certain that people to run them continue to be available. In these shops prices will be kept as low as possible and the shops will be open to all people whether members of the Co-operative Society or not.

Third:—Arrangements have also been made for the maintenance of supplies in times of emergency in all the important towns on the Coast in the Presidency.



Need for planned production.

"But to-day the War is at our gates, and if we are to maintain our position in this respect, it is imperative that we should aim not only at self-sufficiency, national as well as regional, in foodstuffs and animal fodder, but also at increased production all round to meet our growing commitments. The best results can be achieved by planning on an all India basis."

—His Excellency Lord Linlithgow.

Priorities and Possibilities in the Village.

By R. GALLETTI, I. C. S.

Unintelligent grumbling and reliance on a handful of Government officials will not help the villager half so much as a sensible consideration of his own needs and his own capacities. For the guidance of the intelligent villager I have prepared a form in which to list needs in order of urgency and projects in order of execution. The following instructions suggest a satisfactory method of setting to work.

1. The first thing is to establish the Village Meeting. Everybody who owns property and pays taxes should be free to attend this and to speak if he has anything to say. As many as possible should be induced to attend, and meetings should be frequent and regular,—perhaps once in a month or once in two months. A Convenor should be named at each meeting to call the next meeting, and a Chairman should be proposed and elected to conduct each meeting in orderly fashion. Differences of opinion are to be expected, but they must be settled by argument, not by brawling or abuse.

2. The Village Meeting should be asked to decide what are the most urgent needs among the various needs shown to exist. It is enough to tackle three or four at a time. The list to be discussed might run as follows:

Water-supply,	Recreation,
Irrigation,	Medical Aid,
Communications,	Veterinary Aid,
Education,	Legal Aid,
Agricultural Improvement,	Co-operative Institutions,
Cattle Improvement,	Industrial Development,
Sanitation,	Forests.
Housing Improvement,	

Some of the villagers will think one set most important; others will prefer another set. After discussion, a vote should be taken to decide which need most villagers think most important. This should be entered as No. 1 in Col. I of Part I. Then another vote will show which need most villagers think should go next on the list, and so on.

3. The next thing is to see how the selected needs can be met. Existing works or institutions can be repaired or improved; or an improved use can be made of them; or more works and institutions of the same kind may be wanted; or entirely new works and institutions may be required. For each main need the Village Meeting should fix on one or two projects. For instance, to improve communications it may resolve to remove boulders and fill in ruts on a certain road, or cart-track and spread gravel at a certain point. To improve agriculture it may resolve to establish a Village Seed Farm and introduce the Dry Earth system of storing manure. The following list will give some idea of the variety of choice:

PRIORITIES AND POSSIBILITIES IN THE VILLAGE

Water-supply: Protected wells; new wells; pump and storage-tank system.

Irrigation: Better kudimaramat; improvements to existing sources; new channels and anicuts.

Roads: Laying of new roads; levelling of cart-tracks; surfacing of roads; Irish bridges; culverts.

Education: New schools; better schools; parents' association; adult schools.

Agricultural Improvement: Selection of seed by individual ryots; composting of manure; manure and fodder crops; methods and implements recommended by Agricultural Department; Village Demonstration Farm; Village Seed Farm.

Cattle Improvement: Castration; better feeding; better cattle-sheds; better carts; breeding.

Sanitation: Drains; soak-pits; better location of manure-pits; scavenging.

Housing Improvements: Better sites; better lay-outs, better design of houses for light and ventilation; more houses for less congestion.

Recreation: Games for children and adults; reading Rooms and newspapers; clubs.

Co-operative Institutions: For credit; for marketing; stores; agricultural societies; arbitration; consolidation of holdings.

Industrial Development: Better implements; better technique; better designs.

Veterinary Aid: First Aid instruction and equipment; employment of village veterinary doctor; share in Travelling Dispensary.

Medical Aid: First Aid Instruction and Equipment; inducement to doctor to settle in village; share in Travelling Surgery.

Legal Aid: Village Court; inducement to lawyer to settle in village or firka centre.

Clearly there is a wide choice and plenty to do. But half a dozen projects are more than enough at a time. These can be listed in Col. 2 of Part I, those in each section in the order of practicability.

4. For these plans and estimates must be prepared. The Village Meeting must name for each project one or two persons who will be responsible for working out the details. If there is a statutory Panchayat, members of the Panchayat Board can be named. Otherwise individuals who are trusted by all and willing to work hard for the common good should be chosen. Their names should be entered in Col. 3, and in Col. 4 the departmental officials who can help them in shaping the project and making calculations.

5. In due course the plans and estimates should be laid before the Village Meeting. The villagers should then decide whether they can carry out the project by themselves, which is the best way, since they do not have to wait their turn amongst other thousands of villages till Government can spare the funds and officers to look after them. If Government help is essential, the Village Meeting should decide what amount of money and what help in execution the village can give. This should be entered in Col. 5.

6. If the village can go ahead by itself it can turn at once to Part I. If it needs Government help, Part I should be sent to the Thasildar, who should file all such sheets together in a special Village Development Saifee file and draw up a Taluk List of Priorities and Possibilities in which all projects are arranged in order (1) of urgency, (2) of practicability. This will be laid before the Divisional Development Conference at each meeting.

7. When the Village Meeting is satisfied it can execute certain projects, whether with or without Government Aid, it should pass a formal resolution to do so at a Village Meeting, entering it in Col. 1 of Part II. Simultaneously it should name one or more Executive Agents either Panchayat Board Members or others to supervise the execution of the project, and enter their names against the project in Col. 2 of Part II.

8. Unless the funds are wholly to be provided by Government (which is not to be expected if a full programme is to be carried out) the village must face the necessity of raising money and labour. Some of the methods that can be adopted are:

(a) In Panchayat Board areas, the Village Meeting can approve of the Panchayat Board levying taxes under the Act, and suggest which taxes the people are most willing to pay and at what rate they should be levied;

(b) A general assessment for the Common Good may be voted to finance all projects;

(c) A special assessment for a particular project may be preferred;

(d) The Executive Agent may be empowered to solicit donations.

Assessments can be on various bases; some of the most convenient are;

(a) A cess of so much per cent on land revenue,

(b) A levy of so much per cent on the value of property, (Both the above may be progressive; that is, the richer can be asked to pay proportionately more, for instance by making the levy of one anna for each ten rupees up to a hundred, one rupee for each hundred rupees up to a thousand, and fifteen rupees for each thousand rupees over one thousand).

(c) A flat rate of so much per acre of wet land and so much per acre of dry;

PRIORITIES AND POSSIBILITIES IN THE VILLAGE

(d) A flat rate of so much per house;

(e) A levy in kind of a fraction of produce.

The total amount to be raised and the manner in which it is to be raised should be entered in Col. 3 of Part II.

9. In order to keep the Executive Agents up to the mark and to see that money is duly applied, a time limit should be fixed by the Village Meeting and entered in Col. 4 of Part II.

10. In order to ensure honesty and proper work, some kind of audit must be made and the result reported to the Village Meeting. A trustworthy and educated villager, or an official of Government, can be named to examine the accounts of the Executive Agent and to scrutinize the manner in which the project has been carried out.

If a village will act in this way, it is going to learn the essentials of good administration and promote its own welfare at a rapidly increasing rate without having to pay Government more taxes of which it cannot directly control the use. If there are parties in the village, each can try to outdo the other in sensible suggestions and efficient work, instead of in useless violence and costly litigation.

List of Priorities and Possibilities—Part I.—Planning.

Village.			Taluk.	
I The village most needs (in the following order).	II Those needs call for the following projects.	III The following villagers are named to make plans and estimates.	IV The help of Government officers is needed as follows.	V The village can supply funds and labour to the extent and by the methods noted below.

1.
2.
3.
4.

List of Priorities and Possibilities—Part II.—Execution.

Village.			Taluk.	
I The village resolves to execute the following projects.	II It names the following as its Executive Agents and Supervisors for each.	III It empowers them to collect the amount specified in the manner specified.	IV It calls for completion before the following date.	V It names the following to examine the accounts of the Agents and Supervisors.

1.
2.
3.
4.

—(Scholar—December, 1941).

China: The Industrial Co-operatives (C. I. C.)

Co-operative Information was among the first to publish an account of the Chinese Industrial Co-operatives (C. I. C.) known abroad as Indusco—a movement which has attracted worldwide interest. Three years have now elapsed since the movement started and it has been deemed useful to give here a broad survey of its activities and achievements in the light of experience.¹

Origin.

War in China had, within less than one year, almost completely deprived the country of its modern industry, principally concentrated in five or six coastal cities. Meanwhile, it had become practically impossible to import industrial products from abroad at reasonable cost. Some sixty million refugees had fled the invasion and retreated into the interior. Hundreds of thousands of Chinese factory workers, mechanics and artisans had no more outlet for their skill. The gravity of the situation called for urgent measures, as continued resistance in the long struggle in which China was engaged depended largely on rebuilding the country's industrial power, at least to a certain extent.

The difficulties were considerable owing to the lack of capital, the lack of heavy industry to make machinery and a serious shortage of modern means of transportation. Yet it was an imperative necessity to find a substitute for the factories of the coast and for those abroad providing for consumer needs. Moreover, something had to be done, not only to provide mere subsistence to the hordes of refugees and the millions of destitute among them, but to help them become independent and productive members of society.

On the other hand, the existence of a wide public demand for various commodities, of an abundance of unemployed labour, of vast supplies of the necessary raw materials—such as iron, coal, oil, timber—in the interior provinces and the effect of the blockade, similar to that of high protective tariffs, created conditions which could eventually turn these wartime limitations and difficulties into a stimulus for economic progress.

The Chinese Government had taken steps to move to Szechwan, that portion of big industry which could be salvaged in time to start a nucleus

¹ The information supplied in this article is based on authoritative reports by Messrs. K. P. U. Liu and Rewi Alley, respectively General Secretary and Chief Technical Adviser of the C. I. C. and on recent articles and first-hand accounts published by Edgar Snow, Nym Wales (Mrs. Edgar Snow), E. F. Carlson, Agnes Jaffe, Hugh Deane, etc.

CHINA: THE INDUSTRIAL CO-OPERATIVES (C. I. C.)

of heavy industry¹, but this could only cover one side of the problem in a vast country with quite primitive means of communications in most areas. What was needed was industry in every hsien (district), industry that would run itself, produce necessities cheaper than those which might percolate through the enemy lines, and make goods available for the armed forces as well as for the common people. Besides any concentration of plants within the range of enemy bombing being practically doomed to destruction, only small decentralised units could have a chance to survive.

In April 1938, a group of far-sighted Chinese and sympathetic foreigners organised a Planning Committee. In June a draft plan was accepted by the National Government with direct personal encouragement from Dr. H. H. Kung (Finance Minister) and Madame Chiang Kai-shek. The solution which was adopted, took full account of the necessities above referred to and consequently aimed at combining the co-operative idea with such industrial technique as China possesses, in a great Government-backed movement. The basis of the scheme was to get people to produce of their own free will, to trust them and to assist them with technical, accounting and organising personnel.

Birth of the C. I. C.

In order to carry out the plan, the Chinese Industrial Co-operative Association was set up at Hankow with the object of advising and establishing industrial co-operatives, so organised as to meet the most urgent needs in the various districts and operating for limited markets. The central organisation was placed directly under the Executive Yuan—the highest civil authority in China—for speedier action. Its headquarters were soon transferred to Chungking.

As originally conceived the industrial co-operatives were to be organised in three lines: a first line was to be just behind the fighting forces and in guerilla districts. This was to be "guerilla industry", composed of small units mobile enough to evacuate and start elsewhere if conditions should force them to do so.² The second line was to be organised in areas a little

¹ According to a recent report published in Chungking by the Ministry of Economic Affairs, the total output of the Chinese industrial and mining establishments under the direct control of the Chinese Government during 1940 was estimated at 4,693,700,000 Chinese dollars (approximately 250 million U. S. dollars). This figure does not include the production of small factories and mines scattered all over Free China. By the end of 1940 the factories removed to the rear by the Government totalled 450, with equipment weighing 116,375 tons. The Government had also moved 12,000 skilled workers to the interior, while 30,000 others were moved inland through the assistance of other bodies.

² "Indusco engineers have shown much ingenuity in some of these front line areas.....At one place the sudden descent of a party of Japanese soldiers on a Chinese village in the hills made a quick evacuation imperative. There were machines which were too heavy to move. The technicians had to think quickly. The co-operative members seized axes and cut through the four corners of the building, letting the roof fall on top of the machines. When the enemy came, all they saw was one more ruined house and they just passed it by. After they had retreated, the co-operative members came back, dug out the machines, moved them to a near by temple and in 48 hours' time, production was under way again."—From a talk by Rewi Alley, 29 April 1941 at Hongkong.

further to the rear where more permanent units were to be established; and a third line in relatively safe areas. "The idea that the third should supply machines and essentials for the second and first lines has to a certain extent been carried out, but there is still much more to be done before this concept can be said to have been put into practice."¹ It was also planned to train and use disabled soldiers, soldiers' families and artisan refugees, to train and use China's militant educated youth so that it could make its contribution a real one and face practical issues.

The intention was to establish, within a very few years, about 30,000 such industrial co-operatives employing some 400,000 to 500,000 workers.² "A few co-operatives cannot stand; 10,000 may begin to do so, and when the C. I. C. has 30,000 productive units, it will be able to sit down to consolidate", said the leaders.

How the system works.

For the promotion of these societies, the Chinese Co-operative Association, established in August 1938, had to obtain the necessary funds, procure tools and machinery, register workers, train a sufficient number of field men for organising the co-operatives and to supervise and co-ordinate their work.

The organisational work is carried on from regional headquarters usually covering two or more provinces, and extending along 2,000 miles across Free China. There are now seven regional headquarters, viz., Northwest, Southwest, Southeast, Szechwan-Sikong, Yunnan-Kweichow, Shansi-Honan, and Chekiang-Anhwei. These supervise the organisation of Depots in various localities, and the latter organise and supervise the co-operative units. Each of the regional headquarters tries to keep in touch with the central administration in Chungking, and each has established a training school which co-ordinating workers attend in relays. Each school includes a model co-operative unit.

The procedure of organisation of the co-operatives is simple. Members of the C. I. C. staff go out into their respective districts to enlist the support of local officials, survey needs and resources, and invite the co-operation of needy workers. Large posters are displayed in the towns and villages offering work to the destitute who are asked to report at the local office and state their experience and requirements.³

¹Rewi Alley: *Two Years of Indusco*, August 1940.

²According to the initial plan the first ten thousand co-operatives were to be classified as follows: 3,500 for textiles; 2,193 for chemical industry; 2,184 for small-scale mining; 115 for mechanical industry; 108 for electrical engineering; 48 transport co-operatives; and 1,351 for the manufacture of daily necessities.

³Here is how the pioneers posted their first appeal: "Come, workers who have been wandering in the war zones, unemployed workers and crippled soldiers! Come, you who have strength but no capital! Come, you who have skill but none to employ you! Let us drag the wealth from our soil—its gold, its iron, and its coal. Let us use it to win the war and to build a new life for ourselves."

The co-operative societies are independent and self-governing units. They are formed according to model rules which were drawn up by the League of Nations' Co-operative Expert in China. Under these rules there must be no less than seven persons to one society (the average co-operative has 20 to 30 members). The chairman and the managing committee are elected by the members who have each one vote. No one member is allowed to buy more than 20 per cent. of the total number of shares. Wages are fixed by the committee. Regulations have been laid down for the allocation of reserves and expansion funds; a limited dividend is payable on the basis of the total work done by the members of the co-operative concerned.

Great importance is attached to certain principles. These include the insistence that every member, except an occasional business man, must be at work with his hands; that wages be as level as possible; and that apprentices be paid well and made co-operative members as soon as possible. Members' share capital must be increased as quickly as is convenient, and when surplus is divided, a good percentage of the money is usually voted to the expansion fund.

Here is a typical example of the manner in which surplus is divided after payment of salaries: (1) interest on loans; (2) interest on shares (not over 10 per cent. at the maximum); (3) reserve fund for withdrawal of shares (a fund which will be eventually up to 5 per cent. of the paid capital); (4) allowance for depreciation (10 per cent. for the buildings and 20 per cent. for machines and equipment). After the deduction of the above 4 items, the net profit is divided as follows: (1) 20 per cent. for sinking fund to repay loans; (2) 10 per cent. for bonus to staff members; (3) 40 per cent. for dividends to members; (4) 10 per cent. for the welfare work of the co-operatives; (5) 10 per cent. reserve for establishing a federation of supply and marketing; (6) 10 per cent. to be used for expansion of the co-operative.

The co-operatives may borrow money from the Chinese Industrial Co-operative Association for the necessary tools, machines, and raw materials, and for capital required to start immediate production.

Before a co-operative is registered for a loan, headquarters' office of that region makes a study of the need of the project, the costs, equipment, and raw materials available. If the report is favourable a contract for loan is made.

Incredibly small sums are involved in these transactions. The sum of \$50 is sufficient to finance a shop for making garments or surgical goods, \$100 will start a candle-making unit, and \$200 a cotton weaving unit. The loans thus far made have ranged from \$50 to \$7,000. A typical loan to finance the purchase of shop equipment runs for five years at an interest rate of 6 per cent. Short term loans are granted at an interest rate of 8 per cent. per annum.

The co-operative societies in a district are united in a Federation. Each Federation has a Marketing and Supply Agency for doing collective buying and selling, for helping to standardise goods, and linking up with market and supply agencies in other nearby and central locations.

Industry thus spread in a chain throughout the country—linked up by the transport co-operatives—in small units that range from the primary production of raw materials to the finished goods for the consumer; is believed to be indestructible and to constitute a great asset not only in war time but also for post-war reconstruction. In the opinion of the promoters "it also acts as some sort of safeguard for the industrial workers. It gives the worker a sense of importance and makes him feel that he and his work mean something for the country. It relates him to the whole national effort in a very substantial way. It cuts down provincialism, for as the workers organise they feel that their work in the Northwest, in Honan, or in Kwangsi is *their* work."

The utmost importance of education for this movement is duly recognised. Training schools for leaders are maintained, the one for higher leaders being at Chengtu (Szechwan), and those for the subordinate leaders being in the respective regions. The so-called "Baillie Schools" for young apprentices also exist in some of the regions.

One of the principal problems to tackle has been what the Chinese call "rhendi-wenti"—the problem of fitting people into the places where they should and can do things, and of encouraging them to carry on in their spheres and to co-operate no matter how much they personally dislike the man of different training.

"The engineer must be persuaded that he won't have any very big machines to use, but that it will be fun to make little ones that work, and that his job is to make men masters of industry, not industry the master of men. He must be made to see the adventure in having the awkward hands of the peasant fashion the thing to be needed and fashion them as a craftsman. He must be persuaded to try new prime movers, such as charcoal burners, direct water power, better spinners than the old kinds, and to find out how to use native soda and any raw material that may be available locally. He must be reminded that dyes do not only come in tins; that the Chinese had dyes before there were any tins, and that iron ore can be smelted and made useful.

"The idealistic college man must be made to realise that stumping over country paths in straw sandals in all weathers, visiting co-operatives in old temples beside canals, talking to co-operative members and helping to solve all their grievances, is adventure and a man's work. Even if he gets held up by bandits and loses his clothes and money, as has happened at times, one has to get him to see that it is well worth while. Even if a boiler knocks him off the boat on to which it is being loaded and he has to

walk through cold streets on bare feet, his boots being lost, he must come to see that it is all in the day's work.

"The accountant must be made to see that nice clothes and nicely kept office books are not so important as a simple knowledge of cost accounting in every co-operative, and co-operative books that are clear and well set out. He must be made to see that to make movement a success, he must not try to dominate as a bureaucrat, but co-operate and check always with the idea that the C. I. C. is a business and a movement and that he is a part of it. He must see that the movement is his movement as much as it is the organiser's and the technician's. He must share with others a proper sense of contempt for the bureaucrat who, to satisfy his own ego, makes action more difficult and lowers efficiency. He must feel a sense of responsibility and a growing consciousness or comradeship in a struggle for a great end."

The establishment of social services is a function that the co-operatives have taken upon themselves as part of their programme of building for living in a democracy. The services include "Gung-ho" schools¹ for children and night classes for adults, clinics and clubs. These are introduced as soon as there are enough co-operatives in a given vicinity to join forces for the common welfare. "They stand out as promises of things to come, as the first and often the only stimulating life—giving force in the villages in which they function."²

Government and Foreign Support.

From the outset the Chinese Government has seen the necessity of supporting the Industrial Co-operatives. When the movement was initiated it accorded the C. I. C. a monthly subsidy for administrative expenses with a capital grant of Ch. \$ 5,000,000, but owing to the general scarcity of funds only Ch. \$ 2,000,000 could actually be made available during the first year. From the fall of 1939 to the end of 1940 Industrial Co-operatives received another Ch. \$ 4,000,000 from the Chinese Government, and a further grant of Ch. \$ 5,000,000 in spring 1941, so that the capital grants so far amount to Ch. \$ 11,000,000.

As an auxiliary of the C. I. C. movement, the International Committee for the C. I. C. Production Relief Fund in Hongkong handles contributions from abroad chiefly from the overseas Chinese. It is understood that so far Ch. \$ 1.2 million has been received from overseas contributions most of which has been allocated to special purchases, largely educational and medical and to the purchase of equipment rather than to the conduct of the co-operative business. The International Committee at Hongkong which regards itself as trustee of donations from abroad work in close co-operation and sympathy with the central administration at Chungking.

¹Gung-ho, literally: "Co-operate in work," is the name by which the C. I. C. is known throughout the interior of China.

²Agnes Jaffe: "An Industrial Horizon for China", *Amerasia*, September 1940.

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In a general way, "the principle has been followed that the Indusco chain, in order to stand, must include every kind of consumer goods possible, bringing in all the old rural trades, modernising them, and with standardisation and big scale marketing and buying facilities enable them to better production and finally be in a position to stand together in that day of reconstruction which shall follow the greatest of all wars."¹

The encouragement given to inter-co-operative relations by way of linking industries is certainly one of the most interesting aspects of the Chinese productive movement. Thus, for example, the saltpetre co-operative has supplied the lime co-operative, the lime co-operative has supplied the paper and leather co-operative, and the latter has supplied the shoe co-operative; the carpenter has received lime from one co-operative, tiles from another and lumber from another; the oil-pressing co-operative has supplied the wood-carving and manufacturing co-operative and so on. The importance of this for the promotion of a wide feeling of unity is not to be minimised.

The Present Situation.

The Co-operative leaders in China believe that the remarkable achievements of the past three years have fully demonstrated the importance of the industrial co-operative movement as an economic and social reform "calculated to contribute substantially to the development of the Chinese war economy and to foreshadow a permanent form of industrial democracy." The relatively small number of the existing units constitutes, nevertheless, a cause of real concern to all those who are conscious of the value of the movement. Recent reports seem to indicate, in fact, that there has been a slowing-down in the promising development of the first two years and that the necessity to "sit down and consolidate" has arisen much earlier than was contemplated in the initial plan, based upon rapid expansion and upon the organisation of 30,000 societies within a short period.²

Various explanations are suggested which account for this temporary halt in co-operative progress. The main reasons given may be summed up as lack of capital, internal shortcomings of the movement itself, over-centralisation, and, to a certain extent, political control.

As regards capital, although the C. I. C. has received capital grants from the Government totalling Ch. \$ 11,000,000, it is pointed out that in terms of actual purchasing power, the Ch. \$ 6,000,000 received in 1941 is considerably less than the Ch. \$ 2,000,000 received during the first year of C. I. C. endeavours. Chinese authorities state, it is true, that the C. I. C.'s requests for additional capital have received sympathetic attention and that more capital will be made available, and this may somewhat ease the situation. The main difficulty, however, seems to be the hesitancy of the Chinese

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banks to extend credit to the industrial co-operatives, a hesitancy which has yet to be overcome. This is of vital importance as productive societies must necessarily depend on comparatively large amounts of loan capital.

In addition to the lack of capital proper, it must be noted that lack of machinery, inadequacy of the supply of certain raw materials—sometimes due to the action of speculators—and poor transport facilities have created serious handicaps.

Among the internal shortcomings, the most important are stated to be lack of sufficiently trained personnel; primitive and disparate methods of accounting and ignorance or misunderstanding of co-operative principles among certain co-operative members.

Some observers claim also that there is excessive centralisation and that most of the co-operative initiative comes from the top rather than from the bottom where lies the usual source of strength of any popular movement.

This centralisation, on the one hand, and the financial dependence of the C. I. C. on the Government, on the other hand, seem to have even led certain circles to advocate integration of the C. I. C. with China's national administration. The leaders of the C. I. C. have, nevertheless, been successful in preserving its institutional independence without which no sound co-operative progress could be achieved. They have also had to fight the alleged tendency in certain other official groups "to consider the co-operative movement as primarily a method of meeting the refugee and surplus labour problems and only secondarily as a means of producing goods and introducing economic and social reforms."

Without going into details, it might be pointed out that there exists a certain interdependence between the external unfavourable conditions and the internal shortcomings and that the removal of the one handicap would obviously serve to relieve the other. But, whatever steps the solution of the immediate difficulties may require, there is no doubt in the minds of the leaders that the remedy for the internal shortcomings of the movement primarily lies in education, more education, and still more education; and, indeed, there is no other way to build a healthy co-operative movement and to impress understanding of its economic and social significance outside, at least in circles where no hostility exists motivated by selfish interests. The educational effort on the other hand requires time and patience, and it is quite probable that the apparent halt in the quantitative growth of the movement will lead to some re-adaptation in which emphasis will be placed upon the sound conduct of regular co-operative business rather than upon promotional expansion.

¹ From a talk by Rawi Alley at Hongkong, 29 April, 1941.

² Cf. Chinese Industrial Co-operatives Marking Time: *Far Eastern Survey*, 22, September, 1941.

A Plea for Planning in Co-operation.

The following are extracts from the Rao Bahadur R. R. Kale Memorial Lecture delivered at Poona by Mr. Vaibunth L. Mehta, under the auspices of the Gokhale Institute of Politics and Economics, on 25th January, 1942.

"In recent years, there have been so many surveys of and investigations into the co-operative movement in India that it appears somewhat of a superfluity to add to their number. At the outset, I may not disguise the fact that I attempt the survey as a confirmed believer not only in the theory of co-operation but also in its suitability for the economic needs of the person of small means in our country, be he an agriculturist, an artisan, a petty trader, or a consumer. In the field of rural reorganization, particularly I can visualize no form of organization so suited to our conditions as the co-operative, and I subscribe whole-heartedly to what Prof. R. H. Tawney observes in relation to China that "there is no movement in which a group of men who desire to improve the life of the farmer can engage with greater certainty of producing permanent results." But assertions such as these based on faith in the potentialities of co-operation lead us nowhere; they can scarcely be of help in removing deficiencies or in ensuring progress. As another writer puts it, it cannot be assumed that a co-operative organization can be created merely because it is desirable. "For one thing," as the same writer remarks, "it should not be forgotten that co-operation is, inherently, a more difficult form of organization than private enterprise, just because it depends on the loyal and harmonious action of a large number of individuals, while the latter required the self-seeking initiative of the few." Hardly any among the critics of the co-operative movement in India, however, care to make allowances for this essential distinction between, the co-operative and the capitalist methods of working.

"There is another factor in the present day economic condition in rural India to which critics often pay scant attention. The devastating effects of the world-wide economic depression are, if I may say so, inadequately appreciated by such critics. I do not wish to assess, at length, the influence of this factor in our rural economic life, but I shall proceed on the basis of generally accepted facts. The first of these is that the depression affected the primary producer more adversely than any other section of the community. The second agreed assumption is that agricultural prices dropped to somewhere between 40 to 50 per cent of the pre-depression levels, and thus reduced correspondingly the agriculturist's ability to meet his fixed money obligations. Lastly, it is also generally accepted that little, if any, active financial help was rendered by the State in India to ease the situation or to enable the agriculturist to adjust his economic life to the new level of prices.

A PLEA FOR PLANNING IN CO-OPERATION

"Without going into details, I shall make bold to assert that, apart from India, there was scarcely any progressive country in the world, with a predominant rural economy, which did not go to the aid of the agricultural community by adopting suitable measures for the lightening of the burden of debt. The measures adopted are classified by M. L. Tardy into the following five main categories: conversion; reduction of the capital amount of the debt; consolidation; composition and moratorium; protection of debtors from measures of execution taken by their creditors. Protective measures through legislative enactments were, no doubt, taken in some provinces; but the bulk of these came late, with the advent of provincial autonomy in 1937. We in Bombay are, however, still without a law for the regulation of money-lending transactions, and the law for the relief of agricultural debtors is to be applied two years after its enactment, only in selected areas.

"But in no part of British India was any financial aid given in time to enable organized responsible credit agencies such as co-operative societies to facilitate the process of the scaling down of debts, the reduction of interest or the conversion of short-term into long-term liabilities. Several of the Balkan countries, a few among the Baltic States, Poland, Estonia, Egypt, and the United States either financed such operations or guaranteed repayment of the loans or brought into existence special institutions for the purpose. Bulgaria is the most noteworthy illustration in this respect. In India, wedded as our Government are to *laissez faire*, things were allowed to drift until it became too late to take effective action. Now, in these circumstances, one should expect members of co-operative credit societies to meet their obligations in full and punctually or for the societies and their financing agencies, unaided by the State, to adjust their operations to the new basis of agricultural incomes and land values passes my poor understanding.

"It is the fault of us, Co-operative workers, if, so far, we have not taken full advantage of the responsiveness to the propagandist activities of co-operative organizations and their workers and if our own machinery for non-credit developments has been either non-existent or deficient. It was recognition of this lack of scope for what Dr. Fay has termed "integrated co-operation" that led Mr. A. B. Lathie, Minister of Finance under Bombay's first responsible Ministry, to draw up plans for a co-ordinated programme of rural development under one administrative head. Inasmuch as that Government recognized co-operative societies of various types, particularly the proposed multi-purpose societies, as suitable agencies for promoting agricultural improvement and rural progress in general, the charge of the rural development department was entrusted to the Registrar of Co-operative Societies. That scheme has now been brought to the attention of the Government. A prominent place will have to be accorded to the co-operative credit, multi-purpose, better-farming, joint-farming or land improvement society as the medium *par excellence* for ensuring a diffusion of

the results of researches to the homes and farms of individual cultivators and for securing their adoption on an expanding scale without much cost to the State.

"There are provinces in India where use has been increasingly made of the co-operative society for achieving agricultural progress. The most striking developments in this field are the societies for the consolidation of holdings started in the Punjab (the United Provinces too has now such societies), and the sugarcane supply societies of the United Provinces and Bihar. Both these represent large scale developments which have had an appreciable effect on the economic life of the sections of the agricultural population brought within the range of the activities of the societies concerned. There are no other non-credit institutions functioning on appreciable scale in these or other provinces, although better-farming societies in the Punjab, ghee production and sale societies in the United Provinces, irrigation and anti-malaria societies in Bengal, loan and sale societies in Madras, and milk supply societies near Calcutta, Madras and Lucknow constitute important groups which may, in course of time, bring about altered conditions of rural economy within their respective restricted spheres of working. The initiative in most of these developments, with the possible exception of the loan and sale societies in Madras, or the anti-malaria societies in Bengal, has been taken by the State. That may vitiate their co-operative character in the eyes of the orthodox co-operator, although recent trends in co-operative thought in the West accept the need for close collaboration between the State and co-operative organizations. What is required is not so much direct financial assistance as moral and technical support. In view of the backward condition of rural economy in India and the general lack of education as well as of local resources, what we in India want is something more. We need not, therefore, cavil at the State taking the initiative and finding funds for education, propaganda, and preliminary organization. In fact, we should welcome such action where organization on co-operative lines possesses distinct advantages to the unorganized producer in rural areas. From the point of view of the State, the co-operative society provides an effective agency for converting the small-holder or the artisan to necessary innovations in methods of production and for overcoming the inertia of custom. From the point of view of the community, collaboration between the State and co-operative institutions provides "a valuable safeguard against rash improvisation and against spiritless routine."

"Although I realize that planning has to be on a nation-wide scale and that national planning has no significance or utility for us in India unless we have charge of the destinies of our nation, I feel that the lack of any consistent economic planning has been responsible for the steady deterioration that has occurred in the conditions of the rural population in recent years, in spite of the advance in agricultural research and the creation of numerous departments of Government intended to subserve the task of nation-building.

A PLEA FOR PLANNING IN CO-OPERATION

Dealing as we do with a large number of small cultivators, whether tenants or peasant proprietors, the kind of economic organization that we can visualize for the near future, if we are to be guided by the experience of other countries, has to be of the co-operative type. So long ago as in 1924, at a conference held at Wembley, the broad basis of a programme of reconstruction was defined in terms which, I believe, will find general acceptance even to-day.

'That agricultural prosperity depends upon the fulfilment of three conditions:

- (1) the application of scientific knowledge under the guidance of the State to the farming industry;
- (2) the voluntary organization of farmers for business purposes on co-operative lines;
- (3) a reconstruction of life in the country with a view to removing the disparity between the respective attractions of town and country.

It is somewhat unfortunate that, with us, neither Government nor the public in general have hitherto appreciated adequately the role of co-operation in the scheme of national planning. It is true that some Provincial Governments, notably that of the Punjab, miss no opportunity of employing the co-operative method for dealing with specific problems such as that for the consolidation of holdings. And, to a co-operator, it is a matter for congratulation that the National Planning Committee has, in its preliminary findings, urged very definitely the adoption of the co-operative method for rural credit, the marketing of agricultural products, insurance in all its forms, land development and farming. In these days when social and economic life is getting disorganized under the stress of the war, it is difficult to put in a plea for any long range policy or for ordered planning. Yet, the need for pleading for a recognition of the place for co-operation in the schemes of reconstruction after the war cannot be too strongly emphasised. Whether it is marketing, the supply of improved varieties of seed, the manufacture of local products into industrial products, the extension of schemes of well-digging, minor irrigation works or land embankments, the introduction of programmes of soil conservation or anti-erosion on an extensive scale, the settlement of demobilized soldiers or discharged industrial workers on new lands, the co-operative method appears to be eminently suited as the basis of reconstruction. I put forward the plea not as an idealist or as an enthusiast, but as one who seeks to see his country progress along paths which have led to economic peace and prosperity in other countries.

"With the growth of communications and the opening of contacts between all parts of the world, it has become increasingly difficult for the individual producer, agricultural or industrial, to stand aloof. If he is to hold his own in a competitive society, he has to join forces with those who are similarly circumstanced as himself. The only form of organization that one can conceive of in these conditions of our economic life is the co-operative, and the time has come when, in the interests of national progress, it has become necessary to harness the effort and enthusiasm of the common man for the economic development of the nation on lines which harmonize the interests of the individual with those of the State. Apart from other countries that have shown the way, the recent example of China is there to fill us

with confidence and hope. One of the achievements of the Chinese industrial co-operatives has been the introduction of technical methods which enable the units to carry on production on as thoroughly self-supporting a basis as is possible in the conditions caused by the war with Japan. But a greater one has been the creation within these societies of a strong co-operative spirit which enables them to work together, even in the face of changing conditions of social life. It has provided a place and a means for small endeavours and the co-ordination of small enterprise for effective production. It is, besides, as a writer has put it, a banner under which all can rally. It is true that China has built up this vast organisation under the stress of war; that, however, can have only added to the difficulties and not smoothened the path. But the history of co-operative developments elsewhere shows that it is not the case, that the urge for co-operation has always been a national upheaval. China is fortunate in that the State and the people are one, whereas in India we are separated both in thought and in action. Notwithstanding this, Government in India have never been hostile to co-operation; they have merely been indifferent or apathetic, they have been unwilling to allow the people to take the initiative and, attached as they have been to *laissez faire*, they have never consciously adopted any plan for rural reorganisation through the agency of the co-operative society.

"Whatever, however, may have been the attitude of British administrators, in the past, towards planning in peace time, in times of war, they accustom themselves to ideas of controlled development. In view, presumably, of the chaos and confusion that arose in the wake of the last Great War, the Government of India—and taking the cue from them a few Provincial Governments—have started to think in terms of planned economic reconstruction after the War and have sought the assistance of some of the leading economists and businessmen in the country to aid them in their task. At such a juncture, it is the duty, I believe, of co-operative workers and of those who subscribe to the principles of co-operation to formulate their views on the place of co-operation in post-war reconstruction in rural India. It may be too much, probably, to claim that co-operation is suited to the genius of India or fits in with our traditions of economic organisation. I can only urge that it meets our present conditions very eminently and facilitates our task of building up an equalitarian society on the basis of non-violence. What I have in mind may be well expressed in the words of Aldous Huxley: 'Capitalism tends to produce a multiplicity of petty dictators, each in command of his own little business kingdom. State socialism tends to produce a single, centralized, totalitarian dictatorship, wielding absolute authority over all its subjects through a hierarchy of bureaucratic agents. Co-operatives and mixed concerns already exist and work extremely well. To increase their numbers and to extend their scope would not seem a revolutionary act, in the sense that it would probably not provoke the violent opposition which men feel towards projects involving an entirely new principle. In its effects, however, the act would be revolutionary, for it would result in a profound modification of the existing system. That alone is a sufficient reason for preferring these forms of industrial control to all others. The intrinsic compatibility of the co-operative enterprise (and mixed concern) with small-scale democracy and self-government all round, constitutes yet another reason for preference.'

Reviews.

Report on the working of Co-operative Societies in the Madras Presidency, 1940-41.

The total number of societies increased from 14,466 to 14,547 and membership increased from 11.65 lakhs to 11.96 lakhs. The working capital of all societies rose from Rs. 2,404 lakhs to Rs. 2,510 lakhs. The two Provincial Banks, the Madras Provincial Co-operative Bank and the Madras Central Co-operative Land Mortgage Bank, continued to work satisfactorily. The number of central banks and primary land mortgage banks remained the same. The increase in the number of societies is most marked in stores and such non-credit societies. During the last two years stores have increased from 179 to 608. This increase is naturally due to the special efforts of the Registrar and his "drives" to which he refers often in his report. Moreover, it is the policy of the department, as referred to in his report, to start primary and wholesale stores with a view to safeguard the interests of consumers against the conditions that might be brought about by the war. But the number of agricultural credit societies, which form the bulk of the societies, actually decreased by 133 i.e. from 11,191 to 11,058. This is explained as due to the registration of societies not keeping pace with their cancellation.

Although there was a total increase in the working capital of all societies, it is a matter for regret that there was no such increase in the agricultural credit societies. There was an actual fall in their working capital from Rs. 475.33 lakhs to Rs. 454.00 lakhs. Although there was an actual increase in amount of the percentage of owned capital to working capital, it is reported to have slightly fallen in the provincial and central banks, while in the other types of societies the percentage has slightly increased.

Transactions.—The total amount of loans outstanding against members in all societies has increased from Rs. 1,801 lakhs to Rs. 1,855 lakhs. But this increase is not found in credit societies, where there was a fall of about Rs. 23 lakhs. The non-credit societies especially sale societies account for an increase of about Rs. 29 lakhs.

D.C.B.—There was a fall in the percentage of overdues in central banks, land mortgage banks, in agricultural and non-agricultural credit societies. But instead of a fall, a rise in the overdues is noticed in agricultural non-credit societies. This increase especially in this class of societies is not a healthy sign. The Registrar reports that there is a steady fall in the percentage of overdues during the past 3 years although the fall is not appreciable.

Non-Credit.—The non-credit societies in general have recorded another year of steady and satisfactory progress. The value of goods sold during the year in sale societies, milk supply unions, stores societies, students stores and weavers societies, amounted to Rs. 46.6 lakhs, Rs. 6.9 lakhs,

Rs. 53.3 lakhs, Rs. 3.5 lakhs and Rs. 14.1 lakhs respectively. These results are no doubt due to the special "drives" referred to by the Registrar in more than one place in the report.

In this connection, the disparity between the values of goods purchased and sold during the year, both as owners and agents, in agricultural and non-agricultural societies, is so marked (Vide pages 66 and 67) that some error is suspected. For example Rs. 63.28 lakhs of goods were purchased as owners in non-agricultural societies, and only Rs. 14.69 lakhs worth of goods were sold. This cannot be. Similarly in respect of other figures. Perhaps the mistake is in para (1).

Deposits.—It is gratifying to note that the Movement is continuing to attract the required amount of deposits from the public. This shows that in spite of the defects the confidence of the investing public has not been affected.

Education.—Special attention is being paid by the Government to the education of secretaries, members and future employees of societies. The usual peripatetic training classes were held at Anantapur and Tanjore and the Government have decided to make the three institutes at Tanjore, Rajahmundry and Coimbatore permanent and to hold classes every alternate year at Anantapur.

Controlled Credit.—The scheme of controlled credit is reported to be in operation during the year in all districts except three.

Marketing.—The two marketing societies at Tanjore and Kumbakonam were wound up and another has been started at Tiruvarur with Trichy, and Tanjore Districts included in the area of operations. A good beginning seems to have been made.

Seed multiplication schemes.—Many societies seem to be interesting themselves in the multiplication of good seeds of cotton, paddy and potatoes.

The Madras Provincial Co-operative Bank Ltd.—The total borrowings increased from Rs. 228.56 lakhs to Rs. 241.46 lakhs. The deposits from individuals rose from Rs. 78.29 lakhs to Rs. 96.47 lakhs during the year. Its working capital also increased from Rs. 264.91 lakhs to Rs. 279.45 lakhs. The owned capital was Rs. 37.98 lakhs, i.e., 15.7 per cent. of the total deposits. But of this 48.4 per cent. is invested in Government securities. Thus the financial position was very strong. The Bank earned a net profit of Rs. 2.53 lakhs.

Central Banks.—The working capital of the 30 central banks increased from Rs. 580.30 lakhs to Rs. 595.10 lakhs. Although there was a slight fall of Rs. 5.10 lakhs in individual deposits the total amount of deposits increased from Rs. 360.57 lakhs to Rs. 364.43 lakhs. This proves that on the whole the banks continue to enjoy the confidence of the investing public. It is an admitted fact that the central banks of this Presidency are more strong than those in many other presidencies.

In dealing with the central banks the Registrar refers to the advice of the Reserve Bank of India and the consequent change made in the calculation of "divisible profits." Certain items of accrued interest have been omitted.

There seems to be some confusion here between the duties of the Registrar as Auditor and as an administrative officer responsible for the Movement. The special co-operative law has enhanced the powers, duties and responsibilities of an auditor by including the "examination of overdue debts", once again although the "valuation of assets and liabilities" includes this duty. When this examination of "overdue debts" is done conscientiously, a correct estimate of bad and doubtful debts will automatically be arrived at. The institutions must necessarily accept those estimates and there can be no opposition. The statutory audit of the society is entirely distinct prohibiting societies from distributing profits of a doubtful nature.

Land Mortgage Banks.—The Madras Central Land Mortgage Bank had 455 individual and 119 land banks as members. No new banks were registered. Its working capital increased from Rs. 240.98 lakhs. to Rs. 278.50 lakhs. Loans to the extent of Rs. 40.78 lakhs were made during the year and repayments were regular. The Bank earned a net profit of Rs. 2.41 lakhs. It is making satisfactory progress. Though there were overdues in some primary land mortgage Banks all the land mortgage banks were doing satisfactory work.

Non-Agricultural credit societies.—This class of societies continued to maintain the usual high standard of working. Instead of the present division of this class into (a) Urban Banks (b) Employees' Societies and (c) others, the Bombay classification of treating all big banks above a certain amount of transactions will be more helpful for the banks and others. They may become entitled to have direct dealings with the Reserve Bank in future. A separate treatment, with a list of such banks printed at the end of the report, will certainly go a long way to enhance their credit. In this connection the omission of the names of individual central banks from the statements is also to be deplored.

Non-Credit.—The Madras Provincial Marketing Society and the Madras Provincial Handloom Weavers' Society are progressing with the active help from Government. The co-operative milk supply unions and societies, the co-operative butter and ghee supply unions and societies, colonization societies, Sugar cane growers' societies, fruit-growers' societies, etc., are some of the other co-operative activities receiving the special attention of the department at different stages of progress.

Rectification work is going on in all the central banks. The final stage does not seem to have been reached yet. It is only then that a correct

estimate of the losses can be obtained and ways and means found to set matters right once for all.

General.—The Registrar has followed a new plan in the drafting of the report. The order hitherto followed and that followed in other presidencies was prescribed by the Government of India when co-operation was a central subject. Still the Registrar has spared no pains to make the report interesting and attractive, by the addition of a large number of maps, graphs and diagrams. The report contains proofs of the earnestness of the Registrar in the several "drives" which he has given. During the year as many as nine amendments to the rules under the Act were passed and some were pending. Although there may be necessity for some, this tendency in the guidance of a popular Movement is to be deplored.

The Movement is on the whole progressing.

V. S. R.

The Department of Agriculture, Madras, Annual Report, 1940-41.

The Madras Agricultural Department now prepares its report for every Fasli year instead of for a financial year. The present report covering the period July 1940 to June 1941 has been made available to the public more than seven months and a half after the fasli year to which it relates. Surely it ought to be possible to publish this within three or at the most four months, i.e., before November of each year.

The scheme of re-organization sanctioned by the Government providing for a gazetted officer for charge of each district came into effect during the year. The Deputy Director's charges were reduced to two and the number of District officers has been increased to twenty four. The increase in the number of District officers is a welcome move but the drastic reduction in the number of supervisory officers and the withdrawal of Demonstrators from the head quarters Taluk of District Officers are of doubtful wisdom.

The main lines of work of the Department are Education, Research and Demonstration. Agricultural education of collegiate standard continued to be given at Coimbatore where nine different short courses in practical agriculture were also conducted. For a number of years, the Department has been maintaining elementary schools for the benefit of the farm labourers at three agricultural stations. How far these contribute to the removal of illiteracy of the labourers or to their efficiency as farmers is not explained.

All the Research sections except the Fruit Research section are centered in Coimbatore. Fundamental Research is carried out at a central station under the immediate guidance of a specialist and results are tested both in district experimental farms and on the ryots' holdings before they are offered to the cultivators for adoption. The Chemistry section is the largest and it has a number of gazetted officers, each in charge of a different problem. This section is engaged in the interesting study of the origin of black soils, and why they differ from the red soils, of the effect of irrigation on black

soils, of the nature and distribution of organic matter in black soils, conversion of sugarcane trash into compost and of the effect of manuring seed beds of paddy. This section has also been conducting a pasture survey of the Province. As a result of trials in the manufacture of malt foods, proposals for opening a factory have been sanctioned by the Government. Credit has to be given to this section for the successful impetus given to malt-making on a cottage industry basis.

It is to the Botany section falls the most important task of improving the staple food crops of the Province, paddy and millets and the cash crops cotton, sugarcane amongst others. The department is very well staffed in the crop section. It has experts for charge of paddy, millets and pulses, cotton, fruits, oil seeds. There are special experimental stations for study and experimentation of each of the crops. In the case of some, there are more than one. A new paddy station has been sanctioned for Chingleput. It is presumed that the station at Aduthurai in Tanjore is still an experimental breeding station devoted mainly to paddy and though it might have been transferred to the charge of the local Agricultural Officer, the results of the work done there should have found mention in the report.

The quantity of seed supplied from the paddy stations could easily have been given and would be interesting to know. This information is given in respect of millets and of sugarcane setts supplied from Anakapalle and Gudiyatham.

Fruit work in the plains is of recent origin but the specialist appears to have his hands full; a great leeway has to be made in this section and it is hoped that the high dietetic value of fruits will be duly appreciated and their cultivation extended to all parts of the province.

In the field of propaganda and demonstration, we find that the number of trial plots increased from 1759 in 1939-40 to 2002 in 1940-41. There was provision for a demonstrator for each taluk but, as said before, their number was reduced at the rate of one in each district and the recently appointed District Officers were required to look after demonstration work at their headquarters taluk. This will prove a handicap to these officers and the taluk will also suffer.

The special scheme of concentrated work through a large number of maistris in the Vizagapatam District has been modified and a clearer and fuller account of the achievements under the scheme would have been more useful to the public.

It is claimed that about 23.5 per cent. of the paddy area in the province is now cultivated with improved strains. A persistent drive will result in the spread of these strains throughout the province in about three or four years but the pace of past progress seems to be slower.

Improved strains of cotton were cultivated over wider areas. Useful work was done in advocating the proper preservation of cattle manure, farm

and habitation waste, green manuring, and application of oil cake. The price of cakes is said to be increasing and the department would do well specially to arrange for the supply of cakes to meet the growing demand.

The Department is endeavouring to promote the formation of agricultural associations and there are now 694 associations working in the province. The past history of agricultural associations in the province ought to provide a caution in the matter of stimulating these artificially. Unless these represent a spontaneous demand, no use would come of these and the demonstrators may as well confine their time and energy to establish direct contact with the ryots and leave the lessons of their works to spread of their own momentum.

There is a marketing section in the Department brought into existence under the stimulus of the Central Government and mostly confining its work to the carrying out of survey of important crops. Development work has also been started but the field covered is limited. Administration of legislative measures in force for the benefit of agriculturists is described in a section of the report. The utility of the section would be enhanced if the scope and object of each legislative enactment and the measure of success attained in their achievement are briefly explained.

The programme of work of each scientific section, of the Agricultural Engineer, Marketing staff and of each Agricultural station for the succeeding year is given in the report. If the report contained some indication of the actual execution of contemplated projects against the back ground of the programme under each, it would afford very interesting reading. The need for publishing the programme alone is not apparent.

It would be worthwhile for the Government to re-examine the decision to place the Livestock section under the Veterinary Department. The problems of stock production and stock management and of crop production are not dissimilar. Agriculture and Animal Husbandry are so inextricably bound up that the department charged with the responsibility of improving farming practices and crop production should have the responsibility for the breeding of livestock. Indian agriculture still largely depends on cattle labour and the agriculturist has the 'eye' for the cattle.

The world is fast changing and farming in a changing world cannot remain stationary. The farmer's problem can no longer be isolated and dealt with. The simple task of growing two blades where one grew before set for the Agricultural Department is no longer the only concern of it. It has to tackle the entire economic and social surroundings of the farmer if its primary work is to bear any fruit. It will not do merely to grow more. The further problem of growing more without any regard to nutritional diets of the population, without assisting the farmer to find a paying market for his increased outturn, without raising his cost of production, without timely advice to switch on to more paying crops and to adopt economical means of transport,—all these and cognate problems are now the concern of the agricultural experts and so without a long range and comprehensive plan, the Department is not likely to be of great assistance to the farmer. On its ability to change to new needs depends its usefulness. The Department should be more broad-based and on its counsels should depend decisions for control of prices of crops, control of markets, growing of alternative crops with special reference to our rural economy which is one of small peasants' holdings.

Some Regrettable Mistakes.

With reference to the review of the Report on the Working of Co-operative Societies in Bihar 1940, published in the January issue of the Journal, the Registrar of Co-operative Societies, Patna, desires to correct the following mistakes which we gladly publish together with the Reviewer's reply.

"It is necessary, however, to point out that in the aforesaid review there are certain mistakes as enumerated below, which may be corrected by publishing an erratum in your next issue :—

(a) The Provincial Co-operative Bank had Rs. 3.61 lakhs under other Reserves and not Rs. 3.60 lakhs (*vide* paragraph 9 of the report).

(b) The fall of deposits in the Central Banks was Rs. 5.24 lakhs and not Rs. 5.74 (*vide* paragraph 12 of the report).

(c) The percentage of collection of principal and interest in the primary credit societies were 7.3 and 7.6 and not 7.9 and 7.2 respectively (*vide* paragraph 22 of the report).

(d) One of the two societies specially mentioned in the paragraph dealing with Non-Agricultural societies is Provincial Civil Service Co-operative Society and not Provincial Service Co-operative Society (*vide* paragraph 27 of the report).

(e) In the paragraph under head "General" it has been said that the rehabilitation enquiry was finished in 15 central banks out of 53. The above statement is apt to be misleading in-as-much as rehabilitation enquiry in 21 other central banks out of 53 were completed before the year under review. The correct position might be indicated in the following words :—

'Rehabilitation enquiry in 36 out of 53 Central Banks was completed up to the end of the year under review' or 'Rehabilitation enquiry in 15 Central Banks was completed during the year under review' (*vide* paragraph 41 of the report)."

Reviewer's reply.

"Sometimes the figures in the statements and those in the body of the report vary. For instance, I noticed that, in the recent Bengal report, while the actual figure was some *thousands* in the statements, which are always correct, I found *lakhs* in the body of the report. It was the glaringness of the mistake which compelled me to verify it, in the statements at the end.

Note :—(a) The actual figure is Rs. 3,60,542.

(b) Rs. 5.74 is correct.

(c) 7.9 per cent. and 7.2 per cent. have been taken from page XXXV of the Appendices—Statements.

(e) The heading of the statement printed in XI (40) page of the appendices, was the basis of the review.

The errors are regretted. But these do not affect the conclusions derived."

Recent Utterances.

Mr. W. R. S. Sathianathan, I. C. S., Registrar of Co-operative Societies spoke as follows on the occasion of the opening of the new extension to the Urban Bank, Erode.

Gentlemen, I am very thankful to the Board of Directors of your bank for the honour they have done me in asking me to open the new extension to your Bank building. It gives me great pleasure to note that your bank has been of immense and useful service to the public of this growing town. As most of you are connected with the bank or with the movement it is needless for me to trace the origin, growth and history of urban banks in our Province. What strikes one who closely studies the credit movement in our Province is that it has progressed better and more rapidly in urban areas than in rural parts. Most of the urban banks are in a sound condition and their problems are less acute than those of agricultural societies. Some are run efficiently and are in a state of great prosperity. The reasons for this are many. Some may attribute their successful working to limited liability on which they are based while some others may say that it is because of the fact that they have been able to raise the funds they require by tapping local deposits. But that which mainly contributes to their success is the availability in large numbers of educated, honest and public-spirited men to manage them. Urban banks have been playing a very important part in the economic life of the country. They have not only tapped a large amount of capital which otherwise would lie idle, but have given various banking facilities such as loans and advances on favourable terms, facilities for remittances, overdrafts, etc. But what is more important is that they have encouraged a habit of thrift in the public. Most of them do not depend on the district central banks for their funds. On the other hand they invest their funds in the Central Banks, makes them available to the movement and thus indirectly promote the interests of rural societies to some extent. This position indicates the sound condition of these banks and the increasing confidence of the investing public in them. We find that all classes of people have joined these banks, the salaried official, the petty merchant, the artisan, the doctor, the lawyer and the agriculturist. They are, therefore, real 'peoples' banks. One distinguishing feature between really successful urban banks and others less successful is, that good ones finance petty traders more and have frequent repayments and consequently greater turnover. It needs no emphasis that the claims of the small man should have preference over the demands of the bigger man and the proper test of a typical urban bank ought to be how far it has been meeting the claims of the former.

On 30th June 1941 there were 154 urban banks in the Province with a membership of 1,40,523 holding a share capital of Rs. 36,36,626, their reserve fund was Rs. 21,87,648 and working capital Rs. 2,19,24,817. The deposits of members were Rs. 55,42,013 and of non-members Rs. 85,33,630 while the loans from co-operative central banks were Rs. 10,51,139. The

RECENT UTTERANCES

total of share capital and deposits of members work out to nearly 42 per cent. of the working capital. Though the urban banks in the Province deserve to be congratulated on this satisfactory position, yet one would desire a still greater percentage. During the year 1940-41 the loans issued to members were Rs. 54,30,958 under short term and Rs. 49,88,865 under Long term. Rs. 43,80,998 under Short Term and Rs. 1,06,47,298 under Long Term were outstanding against members and Rs. 38,02,696 (*i. e.*, 25 per cent.) were overdues.

Your bank has been in existence for 31 years and it is gratifying to note that it has had a career of prosperity and steady progress of usefulness to the public, starting with 139 members it has now on its rolls over 2,200. The share capital of members has also increased from Rs. 1,518 to Rs. 65,286. Assuming that each member has a family of 5 members it can be said that the bank has served a population of over 11,000 out of the total population of 60,000 of the town. It is a matter for pride that the bank has been useful to more than one sixth of the total population. I trust that in the years to come its usefulness will be increasingly realised by a greater section of the Public.

You hold Rs. 1,17,928 as deposits from members and Rs. 2,63,174 as deposits from non-members. A greater part of these funds, *i. e.*, nearly Rs. 2,33,000 is in the shape of fixed deposits, and the deposits from non-members is more than twice that from members. Though it is gratifying to find that you have not borrowed anything from the Central Bank and have been able to find funds locally in the shape of deposits and though you are not behind others in inculcating the habit of thrift in the members, it is desirable that you should secure more funds from members and more by way of current, recurring, savings and provident fund deposits. The importance of encouraging the thrift habit in members by co-operative societies and particularly by urban banks in the present time of war cannot be over-emphasised. The Committee on co-operation has laid great stress on this aspect and I hope that efforts will not be slackened to impress on the members the need to save. In order to encourage savings by the poorer class of members also I would suggest the introduction of a scheme of daily deposits, if it has not been already done. Suitable by-laws have already been framed and communicated for adoption by all banks.

It is pleasing to note that during its existence of over 30 years the bank dispensed credit to the extent of Rs. 44.647 lakhs spread over 17,884 loans and on various kinds of securities. But it is seen that out of Rs. 2,24,537 outstanding against members as much as Rs. 84,215 were secured by deposits and gold jewels. Loans on personal security were for Rs. 81,651 and were roughly 36 per cent of the total loans. Loans secured on mortgages predominate. This is probably due to the fact that the bulk of the banks' funds represents fixed deposits from members and non-members and the bank does not find it difficult to issue long-term loans. There is, however, the danger of

these loans becoming sticky in the long run and the bank will be in a fix, to repay the deposits promptly on their maturity. The bank will do well to restrict these loans as far as possible. There is generally a growing tendency on the part of urban banks to issue loans to a greater extent on immovable security and to issue long term loans in larger proportion. It has often been said that security is the foundation of credit. While I agree that urban banks are business institutions as any others and therefore security must be taken into consideration, I should, however, like to point out that it should not assume far too great importance and banks ought to be lending far more on character and repaying capacity. Otherwise urban banks will be departing from the fundamental principles of co-operation, which is the capitalisation of character. If banks insist on immovable security, where then is the need for co-operative institutions, as the ordinary commercial banks are already there to lend moneys on immovable security? It cannot be over emphasised that urban banks should advance a larger proportion as short-term loans on the security of personal surety-ship or visible securities. Their object should not be merely the safe investment of their funds. Of course, there are dangers in advancing moneys on personal surety-ship, but they can be guarded against by proper scrutiny of applications for loans, by a careful assessment of the earning capacity and repaying capacity of the borrowers and the sureties. In urban areas there are a large number of artisans petty traders and other professional men who require credit and who cannot offer any tangible security. One of the charges levelled against urban banks is that they have not succeeded in taking the poorer classes into their fold and their transactions are mainly confined to middle class and upper middle class people. I trust you have not denied credit to these men and hope that loans on personal surety-ship and visible securities will be issued in a larger proportion.

Loans on the pledge of jewel are the only form of credit available to certain poorer class of people and if co-operation does not come forward to help them, the usurious rate of interest charged by the 'Marvaries' will eat away the jewel pledged. With a little care in management and proper safeguards loans on jewels can be given by urban banks. It is gratifying to note that in your bank the number of loans and the amounts advanced on the pledge of jewels has been on the increase year to year, that during the year 1940-41 as much as Rs. 94,504 were issued on the pledge of gold and silver jewels and that you have also been charging a lower rate of interest on such loans with a view to encourage them. You can be useful in other ways also by making advances against insurance policies, Government securities, debentures of the Central Land Mortgage Bank, agricultural produce, industrial products, etc. Erode is a very important and growing business centre and you may do well to promote trade to a greater extent by advancing loans on the security of their wares or products.

Perhaps the most satisfactory feature of your bank is the low percentage of overdues from members. They are just about 1 per cent which is below the per centage for the Province i.e., 25. This reflects credit on the efficient arrangement for prompt recovery of dues, but I should urge still greater effort in this direction until the bank reaches and maintains the proud record of collections equalling demand cent per cent. It is gratifying to note that a decent amount, Rs. 49,000 odd, has been built up and invested as reserve fund which is the result of successive years of uniform good working and good profits.

It gives me great pleasure to note that your bank has been utilising the common good fund on good and laudable cases like the promotion of education, relief of the afflicted, etc. You have been making an annual contribution to the Mahajana High School. You contributed Rs. 100 to the Bihar Earthquake Fund. You have not been allowed or behind others in promoting war efforts and I am glad to note that you have contributed a substantial sum of Rs. 1,200 to His Excellency's War Fund.

The members of the bank and the directors, particularly the President deserve congratulation in successfully and safely guiding the affairs of the bank all these years. You have a justification for taking a pride in the work so far turned out, but one would wish that you should not rest on your laurels, but treat the progress as merely the foundation on which to build a large and imposing edifice of further development of increasing usefulness to the people of the town irrespective of division of class or community, till it becomes closely identified with the progress and welfare of the town as a whole and a model for co-operative urban banks all over our Province. Before I close I should warn co-operators in general and urban banks in particular against mixing up of co-operation with party politics. You all know how political influences and party feelings premeate the working of some banks and disturb their smooth working. I appeal to you all to eschew from the Movement such evil influences.

And now, gentlemen, I have great pleasure in declaring this new hall open which has aptly been named "Hope Hall." It is pleasant to contemplate and hope that this fine hall may in the not far distant future become a hive of social and civic activity and indeed the hub of the town's prosperity. Let the co-operative structures we have raised be strong and enduring even as this hall and let them stand on the solid foundation of brotherhood and better and sound business.

JUST OUT

JUST OUT

All amendments to the Rules under the Madras Co-operative Societies Act VI of 1932 subsequent to September 1939 up to January 1942 are published in a booklet as a supplement to the Act published by the Union in September 1939.

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News and Notes.

Agricultural Research Scheme.

It is understood that the Madras Government have approved a scheme for centralising and co-ordinating research in the Agricultural College, Coimbatore, under a Deputy Director of Research who will also be the Principal of the College.

Development of Industries.

Presiding over the second All India Manufacturers' Conference held at Poona, Sir M. Visveswarayya, declared that the disabilities under which this country was labouring were a stern reminder that the past neglect of industries on her part had been ruinous and that she should turn over a new leaf if she were to rise in the scales of material prosperity and national strength. The nation needed the experience and ability of its best citizens in the conduct of this national economic enterprise. He said that on account of the indifferent attitude of the Government in the past, the present state of things had come to stay where two-thirds of the population were obliged to be restricted to the primitive occupation of agriculture. He deplored the absence of any organisation worth the name in the country to help the industrial development and said that the attention given by the Central Government was casual and fragmentary. The Provincial Governments had no resources to be entrusted with that duty and many of them showed no good will towards such idea.

He wanted the people to wake up to the present perilous state of things and start industries of every kind, small, medium and large scale, either as owners or joint stock or partnership concerns in each region. He said that the Government should take the full responsibility to bring into existence one or two key industries in each province in addition to what might already exist and to start the industry or industries chosen within one year of acceptance of such responsibility. He was of the opinion that those that require special attention were increased production of steel, manufacture of machinery for industrial plant of every kind, automobiles and aircraft, shipbuilding and heavy chemicals, including dyestuffs. If there is apathy on the part of the public, he said, that Provincial Government would be justified in raising a loan for the purpose and meeting its interest charges from current revenues until the industries were able in some form or other, to pay for themselves. He pointed out the example of Russia which went even to the extent of sacrificing the comforts of its people for the improvement of the industries and how within 15 years she was able to make gigantic progress. He advocated the need for the provision in each region for banking facilities, statistics, educational institutions, research laboratories, travel facilities, etc. In conclusion, he said, that it is the duty of all citizens, particularly of representative men in industry, trade, transport and finance to wake up to the critical position the country finds itself in and make a combined effort to promote the country's economic interests in general and industrial interests in particular.

Registrar at Erode.

Mr. W. B. S. Sathianathan, I.C.S., Registrar of Co-operative Societies, in opening the newly constructed "Hope Hall," an extension to the Erode Urban Bank, said, that the bank had a career of prosperity and steady progress of usefulness to the public. He suggested the introduction of a scheme of daily deposits by poorer classes for encouraging thrifty habits amongst its members. He suggested to the bank to restrict the loans on immovable securities and stressed that securities should not assume far too great importance and banks ought to be lending far more on character and repaying capacity. Otherwise urban banks would be departing from the fundamental principles of co-operation which was the capitalisation of character. He also said that if banks insisted on immovable security, there was no need for co-operative institutions at all as the commercial banks were already there to lend on securities. He suggested the lending of short-term loans in a larger

NEWS AND NOTES

proportion and that on personal surety which he said could be guarded properly. He suggested for the consideration of the authorities of the bank the issuing of loans on the security of insurance policies, Government securities, debentures of the I. M. Bank, agricultural produce, industrial products, etc. He congratulated the bank on its satisfactory working all these years and in the midst of a large audience he declared upon the "Hope Hall." The speech of the Registrar is reproduced elsewhere.

Mr. T. A. Ramalingam Chettiar who presided on the occasion of the opening of the "Hope Hall," an extension of the Erode Urban Bank, said that a perusal of the orders on the recommendations of the Committee on Co-operation recently passed by the Government would show that the present system of working of the Movement was right and the same policy would be continued for some time more, and the Government would have to reconsider their decisions now arrived at. He suggested that the urban banks should help small handicrafts though this work might present some difficulties at the beginning.

Getting More out of Land.

Mr. S. K. Chettur, I. C. S., Collector of Trichinopoly, addressing a meeting of the agriculturists and co-operators of the Trichinopoly district said that there was need for increased agricultural output and the best way of doing it was by intensive cultivation and that could be done by bestowing greater application to the land of extra manure. He said that by the use of proper manuring the Sermadevi taluk in Tinnevely district had secured very good yield, of roughly about 20 times the seed sown. He suggested the growing of green manure crops and trees in plenty which served a double purpose, namely, as a source of manure and as a shelter from air attacks.

As regards poramboke lands Mr. Chettur said that they were of vital necessity to the community and pointed out how they were being misused by the ryots and advised them to avoid such abuse. He also advised the growing of fruit-bearing trees and trees which had timber value.

Co-operative Fuel Supply.

The Madura City Co-operative stores has submitted to Government a scheme to open a fuel department. At a meeting of the shareholders of the Stores, it was decided to request Government to cancel the fuel sales conducted already in respect of the Natham, Sholavandan and Ayyalur ranges, to ask the Forest Department to enter into negotiations with the Store immediately in the interests of the public and to fix a sum to be paid by the Store in six instalments on the basis of the pre-war revenue.

Land Colonisation.

In a Press Note, the Government of Madras announce the sanction of more land colonisation schemes in the districts. The Budget for 1941-42 provided for expenditure on six land colonisation schemes and additional provision is included in this year's budget for eight more schemes. The main object of these schemes is to ensure that the land is allotted to those who are really poor and that they are not allowed to alienate their holdings. To secure this object the assignment of the land is not made to individuals but to groups of rural labourers and other poor persons formed into co-operative societies. The land is all held in the name of the society which distributes holdings to its members, who are given occupancy right which is heritable but otherwise inalienable. The Government make a free grant of Rs. 10 to each colonist for the purchase of a share in the society. Where necessary they also advance money to the society for the purchase of agricultural implements. The assessment on the land is remitted for the first five years if the land has to be reclaimed, and water cess waived in

full for the first year of irrigation and levied at half rates for the next one or two years. This year's budget makes provision for schemes in Chingleput (three schemes), North Arcot, Trichinopoly, Coimbatore and Kistna districts. Including the schemes in this year's budget, the Government have approved 14 schemes in all covering an area of about 5,500 acres. Two special Deputy Collectors have been sanctioned to start the schemes and their subsequent working will be in the hands of co-operative Inspectors.

Training in making Dolls and Toys.

With a view to improving the dolls and toy industry in this province, it was suggested to the Government that the industrial schools where carpentry was taught may be supplied with a good range of foreign toys, so that they might be copied and produced with the help of modern equipment.

As the beginning made in the Industrial School at Calicut was promising and the toys manufactured there found a ready market, the Director of Industries and Commerce proposed that a toy section might be opened in the Government Industrial School at Madura also, and the best students in the section advised to start toy-making of their own in suitable cases. The Government have accepted the proposal of the Director and a new section will be opened in the school at Madura from the beginning of school year 1942-43.

Relief to Weavers in the City.

Mr. V. Chakkarai Chettiar and Mr. K. Bhashyam who met the Collector of Madras in connection with the granting of immediate relief to the weavers in the City of Madras were informed by the Collector that the Government had sanctioned a scheme for the payment of 2½ annas per family in the Washermanpet area and as regards other areas he said that he had no information but he would like to receive details as to the number of weavers in each locality who stood in need of relief and the work they had been doing till now. The Mayor requested the Relief Committee in Triplicane to take interest in the matter and gather particulars to be sent to the Collector.

Central Co-operative Society for Weavers.

A meeting of the representatives of weavers of the various parts of the City was held at the Ripon Buildings under the presidency of Mr. V. Chakkarai Chettiar when a resolution thanking the Registrar and others of the Co-operative Department for their help in the matter of starting a Central Co-operative Society for the weavers in the City of Madras was passed. The Registrar was requested to expedite the formation and registration of the society and in the meanwhile to distribute such work that might be secured to the weavers of the selected areas in the City.

Production and Sale of Charcoal.

Due to the bad quality of charcoal obtained privately, it was thought proper to start a Charcoal Production and Sale Society, both by the producers and consumers of the Bellary District. In inaugurating the newly formed District Charcoal Production Society, Mr. D. L. Lathe, Conservator of Forests, envisaged a great future and pleaded for encouragement to the same. He remarked that unlimited supply of charcoal could be ensured owing to the rich forests of the country and he assured the co-operation of his Department to the Society. He explained the different methods of charcoal manufacture and stressed on the superiority of the Frikilm method in which 20 per cent. more of charcoal could be got by adopting it.

The All-India Co-operative Conference.

The fifth All-India Co-operative Conference was held at Nagpur under the presidency of Diwan Bahadur K. V. Brahma in the absence of the Hon'ble Mr. V. Ramadas Pantulu due to ill-health. It is understood that a number of important subjects touching the Co-operative Movement were considered and discussed at the conference and in the absence of an authentic official communication, we are not in a position to publish the exact resolutions passed at the conference. It is gratifying to note that the Hon'ble Mr. V. Ramadas Pantulu has once again been elected as President of the two associations, namely, the All-India Co-operative Institutes' Association and the All-India Co-operative Banks' Association and he has been requested by the conference to continue as Editor of the 'Indian Co-operative Review' for another period of two years.

List of Societies Registered and Cancelled.

List of Societies Registered in March 1942.

S. No.	Name of Society.	District.
1	The Mutgalapalli Co-operative Agricultural Colonisation Society	W. Godavari.
2	The Losarigutlapadu do	"
3	Sree Ganapathi Co-operative Credit Society	E. Godavari.
4	Sree Rama Co-operative Credit Society	"
5	The Krishnanipalem Co-operative Credit Society	"
6	The Andhra Scientific Company Employees' Co-operative Society, Ltd.	Kistna.
7	The Elakurru Co-operative Credit Society	"
8	The Vyyur Sugar Factory Co-operative Stores, Ltd.	"
9	The Sitavaram Field Labourers' Co-operative Society...	"
10	The Masulipatam Revenue Subordinates' Co-operative Society	"
11	The Vakavariipalem Co-operative Credit Society	Guntur.
12	The Timmajamudram Sri Lakshmi Narasimha Swamy Co-operative Credit Society	"
13	The Madras Co-operative Societies' Employees' Co-operative Society	Madras.
14	The Tirunageswaram Weavers' Co-operative Production and Sale Society, Ltd.	Chingleput.
15	The Tiruporur Co-operative Stores, Ltd.	"
16	The Conjeevaram Weavers' Relief Co-operative Production and Sale Society, Ltd.	"
17	The Chengam Co-operative Stores, Ltd.	North Arcot.
18	The Sendamangalam Co-operative Stores, Ltd.	Salem.
19	The Coimbatore Murugan Mills Staff Co-operative Society, Ltd.	Coimbatore.
20	The Thoriyanti Co-operative Credit Society	Nilgiris.

List of Societies Cancelled during February 1942.

S. No.	Name of Society.	District.	Date of Cancellation of Registration.
1	484 Basavanahalli	Anantapur	4-2-42
2	G. 666 Mambalamcheri	Chingleput	4-2-42
3	2833 Manimangalamcheri	"	4-2-42
4	L. 370 Coondapur Crop Loan & Sale Society	South Kanara	4-2-42
5	D. 464 Tumukunta	Anantapur	6-2-42
6	324 Manirevu	"	6-2-42
7	915 Alapatu F. L. C. S.	Kistna	6-2-42
8	D. 122 Madur Christian	Cuddapah	6-2-42
9	1523 Achanthaviltham	Rampad	6-2-42
10	A. 1121 Chittooroonadapur	"	6-2-42
11	G. 1040 Velachere Better Living	Chingleput	6-2-42
12	A. 757 Melakoilapatti	Madura	6-2-42
13	B. 370 Cocanada Pub. Ser.	East Godavari	8-2-42
14	P. 252 Mundumulguruthi	Kurnool	8-2-42
15	E. 555 Velliagudi F. L. C. S.	South Arcot	11-2-42
16	A. 493 Tirumalapuram	Tinnevely	11-2-42
17	G. 152 Mudukarai	Chingleput	16-2-42

LIST OF SOCIETIES REGISTERED AND CANCELLED

S. No.	Name of Society	District	Date of Cancellation of Registration
18 F. 181	Kurnool A.B.M. Workers' C. S.	Kurnool	... 26-2-42
19 11099	Chalapalle	Nellore	... 26-2-42
20 H. 640	Devojjipalem	Kistna	... 26-2-42
21 A. 1530	Natham Centre Elementary School Students' Stores	Madura	... 26-2-42
22 E. 795	Vattaparathi	Malabar	... 26-2-42
23 E. 736	Erayanur	South Arcot	... 26-2-42
24 D. 119	Chandoli	Kurnool	... 26-2-42
25 A. 1546	Silkuvarapatti Co-operative Stores, Ltd.	Madura	... 26-2-42
26 H. 1215	Masulipatam Labourers'	Kistna	... 26-2-42
27 7872	Ajjampudi Christian	"	... 26-2-42
28 B. 446	Kulitalai Depressed Class	Trichinopoly	... 26-2-42
29 H. 794	Chodavaram Co-op. Society	Kistna	... 26-2-42
30 H. 899	Raghavapuram Xian C. S.	"	... 26-2-42
31 A. 657	Kunnavarankottai Karattapatty.	Madura	... 26-2-42
32 D. 650	Tengal Cumbly Weavers' C. S.	Anantapur	... 27-2-42
33 W. 153	Surapurajupalle	Cuddapah	... 27-2-42
34 R. 363	Sanarpalayam F. L. C. S.	Trichinopoly	... 27-2-42

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