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Madras Journal of Co-operation

EACH FOR ALL, AND ALL FOR EACH

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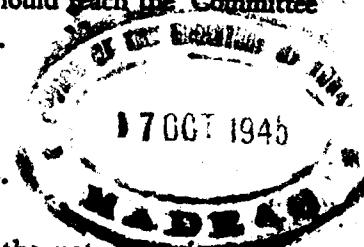
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Editorial Notes.

Village System:

In this issue appears a portion of the note on the Village System in the Madras Presidency submitted to the Police Commission by that distinguished administrator the late Dewan Bahadur S. Srinivasa Raghava Aiyengar. In the succeeding issues the remaining portions of the note will appear. We were able to resurrect the Note from the archives of a friend to whom we are greatly indebted. The Note, when its publication is completed, will give a correct idea of the Village System in vogue and students of research can then follow it up, trace the changes it has undergone whether for better or worse, and suggest ways of reviving with such modifications as the changing times demand. All that is ancient is not necessarily sacrosanct. But there is no denying the fact that the foundations of the Village System which existed in the last century, to which Sir Thomas Munro paid a well-deserved tribute, are by no means foreign to the genius of the South Indian. How best to resurrect the foundations and build on them a solid structure which will restore and renovate the village life is a task to which every well-wisher of the countryside must address himself. Let us not forget the fact that India lives in villages and to the extent we labour and succeed in rehabilitating village life on right lines to that extent we would have made a real contribution to national regeneration.



Co-operation in Planned Economy :

What is the role of Co-operation in a planned economy? There are many who sincerely believe that the acceptance of co-operative ideals in thought, word and deed would solve the ills of society and even wars can become things of the past. But these protagonists forget the fact that if we sit with folded hands such a revolution in the ideas and lives of people cannot take place. Persistent and sustained propagation of ideas and their observance in practical life are necessary. 'All for each, each for all' stands out as an unexceptionable maxim. But to live up to it in our own lives requires sincere endeavour. It is true Rome was not built in a day. But all the time people did not rest on their arms; they were continuously planning and building before they made their City beautiful. Co-operators who believe in the gospel of co-operation and the high ideal for which it stands need to remind ourselves constantly and order our lives to suit the ideology. In this connection we would invite the attention of our readers to the stirring message of Mr. Palmer, published elsewhere, on the occasion of the International Co-operators' Day. The message is full of significance which should be read and pondered over by all co-operators.

No country can afford to promote the peace and happiness of its people unless its economy has been developed on a planned basis. Even then catastrophies such as the recent war have upset their economic life, and they have been forced to rebuild again. But the foundations have in most cases been undisturbed and only the edifice on them has to be rebuilt. There are countries whose economic life was built on the flimsy foundations of capitalistic economy and they were the first to collapse. To rebuild on the old foundations in their case would spell disaster. The last war has shown that four freedoms enunciated in the Atlantic Charter are essential for every country and unless their maintenance is guaranteed, any structure built on the old foundations is sure to crack bringing untold sufferings in its train. It is well the world realises this fact and organises the economic life of every country on a co-operative basis.

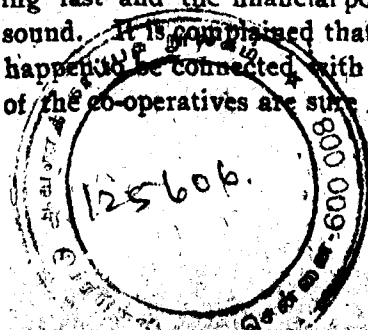
Co-operators and Joint Stock Banks :

We are gratified to learn the Movement in urban areas is spreading fast and the financial position of the Urban Banks is extremely sound. It is complained that if the Directors of Urban Banks also happen to be connected with the joint-stock concerns, the interests of the co-operatives are sure to suffer. It may be remembered that

writing on loan and sale societies, we pointed out that it is desirable always to see that representatives of agricultural credit societies are associated with them and that the predominance of traders and land-lords on the Directorate is not desirable. We are inclined to agree that in the case of Urban Banks also it is desirable that at least those actively associated as office-bearers of joint-stock concerns do not hold offices in Urban Banks. At present there is no bar for such association. It is worth while considering if amendments to by-laws of Urban Banks should not make a provision on these lines.

Rights of Share-Holders :

A vigilant co-operator has sent us some interesting correspondence relating to the rights and privileges of members in co-operative societies. The points raised are of interest. They relate to the members' rights to have access to (1) the minutes of the Board or the Panchayat and the general body (2) audit notes and replies to objections (3) records and registers (4) by-laws etc., passed by the Board and the Panchayat (5) correspondence relating to the amendments to by-laws (6) stock files. While we entirely sympathise with the members of the co-operative to obtain all information relating to the working of their societies to satisfy themselves that all is well, we deprecate strongly the inquisitorial tendency on their part which involves their prying into the affairs of other members. As the Joint Registrar of Co-operative Societies has in his reply suggested that at the general body meeting the members could obtain all the information they need to satisfy themselves about the working of the society, including the reading of the audit Report and the notes thereon. If any over-zealous member wishes to make a detailed study before coming to the general body meeting there can be no objection to such a member inspecting the papers relating to the agenda during office hours and even taking copies if he so desires. But the co-operatives cannot be expected to supply copies to all members. This would involve trouble and expense. Then again as regards the minutes they too should be available for inspection. About records, we doubt very much if it is advisable to allow members to have access to them. Such access will only lead to trouble. Moreover, the Board is constituted by the general body and if in its opinion it did not behave properly, the general body can always exercise its right to turn it out and instal a new Board. Above all there is the statutory authority invested with unlimited



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powers and any abuse can be brought to its notice. It is sure to be rectified or necessary disciplinary action taken for which the authority is invested with ample powers. We are afraid this co-operator, who shall remain nameless, suffers from some obsession as the right he is demanding is already there to expose the defects in the working of the society. Why access to records which in some cases results in prying into other people's affairs should be considered so valuable as to make much of it, we are not able to understand. Co-operatives are democratic bodies, one man exercising one vote, with ample powers to review their working in the general body to which all the necessary papers are made available either by reading or for inspection. Any further information required can be elicited by means of questions.

As we notice an exaggerated notion of rights of members in co-operatives prevails in many quarters, we have ventured to deal with this topic at length basing our observation on the correspondence kindly placed at our disposal by a vigilant co-operator already referred to. To persist in demanding all rights in co-operative bodies some of which are already granted and the exercise of which would amply serve the main purpose is likely to be misunderstood as an indication of fault-finding tendency which should be deprecated.

Handloom Industries:

It is the misfortune of the handloom industry to receive always step-motherly treatment. It is learnt that allotment of mill-made cloth to this province has been increased owing to the persistent agitation carried on by vested interests. When the original quota was fixed the production from handlooms was taken into account. Since then we have been told the number of looms has increased and not diminished and consequently the production of handloom cloth also must have correspondingly increased. Why then the cry for increase of quota of mill-made cloth was heeded to? Have the authorities considered what the effect of increase of the quota will be on the handloom industry? It is sure to affect it adversely and very soon many looms may be forced to remain idle, resulting in unemployment. It is said this increase in quota is necessitated by the abnormal rise in the price of handloom cloth which has almost placed it beyond the reach of the poorer classes. How far this grievance is based on facts, we have yet to be convinced. Even if it were true, could not this be got over by fixing the prices of handloom cloth, satisfying the conditions to which we referred last month, such as

regular and adequate supply of yarn and dyestuffs at reasonable prices to ensure continuous employment and the assurance of a minimum wage consistent with the rise in the cost of living? The cessation of hostilities will divert production from military requirements to civilian consumption. What the effect of this will be on the handloom industry can be realised when it is known the production increased from 3,800 million yards to 4,800 million yards. Now it looks as though the handloom industry will have to face not only competition from mill-made cloth now increasingly available but also suffer from the fixation of prices. Then again, restrictions placed on the export of handloom cloth except under a permit deprives the industry free movement and free markets. We understand there is also a proposal to reduce the prices of mill-made cloth. This will result in further competition and is sure to have deleterious repercussions on the handloom industry. So every step proposed, seems to have the effect of dealing a blow to the handloom industry which, during the war, was managing to come up. Moreover, it is forgotten the increased cost of production of handloom cloth is due mostly to abnormal prices at which yarn is supplied and also short-supply of yarn forcing the weaver to purchase yarn at any cost, even from black markets, in order to maintain himself. Why not yarn be supplied at lower rates consistent with the cost of production? Why should the spinning mills be allowed large percentage of profits? Why not the price of yarn be the same as that taken into account for the weaving sections of the mills? The prices of the main raw material, cotton, has not appreciated to the extent the prices of yarn warrant. Therefore, even the cultivator does not share the benefits of the increased prices of yarn. We earnestly plead that handloom industry needs protection as next to agriculture it is the main rural industry of the province. It has suffered in the past owing to neglect. It has rendered yeoman service in providing clothing for the people at a time when the mill-made cloth was scarce. But for the handlooms, the plight of Madras would have been the same as that of many parts in the country where people have to go even without a loin cloth. As the factors mentioned above are sure to affect the handloom industry, the Government should be prepared to subsidise it to enable it to compete with the mill-made cloth. We would suggest that the future of the handloom industry now and in the years to come should be carefully studied and measures formulated from now and enforced to prevent its being reduced to a helpless condition, if not killed altogether. Let us not forget the plight of the weavers

of Salem and other places which compelled Government to adopt measures of famine relief. Let not that mistake be repeated again.

Credit Side of the Movement:

Agriculture has been a deficit economy. But for the war and the consequent increased prices for the produce of the land, it would have ceased to be attractive. It is said the increased prices have resulted in reducing rural indebtedness. While we are inclined to agree that the richer landlords who own large holdings and whose margin was always large have been greatly benefited by the rise in prices, we are not sure the agriculturists with small holdings have reaped the benefit of high prices to any extent. They had very little margin even in ordinary times. But the rise in the cost of living, especially in regard to prices of consumer goods, has not enabled them to utilise the increased income to reduce indebtedness for the same margin realised on account of high prices. Therefore, while the sum total of indebtedness might have been reduced, there has been no appreciable decrease in the indebtedness of small-holders. Nor has the need to borrow for various purposes been reduced. In view of easy availability of credit, it will not be wrong to say that indebtedness in their case has even increased. All this indicates that the credit side of the Movement has yet a useful part to play. Moreover, short-term, medium-term and long-term credit needs are still there. They have even increased in order that more crops may be grown to reach a stage of self-sufficiency. Therefore, we plead that every Central Bank should address itself to the task of ascertaining the needs of agriculturists, plan a programme of expansion and play its part in the development of agriculture in the post-war period. Such investments as the Central Banks have found for their funds are a temporary phase. The main bed-rock of the Movement is the credit side and in developing it their future depends. Let not a false sense of security blind them to the fact that in the task of providing credit to the rural population their immediate work lies and its neglect will tell badly on their future.

News and Notes.

First Anniversary of the Kayalpatnam Co-operative Stores, Ltd.

The first anniversary of Kayalpatnam Co-operative Stores was celebrated, when Rajaji the Ex-premier of the Madras Province presided. One conspicuous feature of this society was that about half the strength of it consists of Muslim Women, numbering about 807. Rajaji was glad to note this and stressed upon the fact that co-operation and unity of this kind among Hindus and Muslims would in no time liberate India from slavery. Mr. V. V. Giri and Dr. Subbarayan who were also present on the occasion, paid their compliments to the organisers of the stores for the beautiful example they have set for their brethren to copy.

Silver Jubilee at Arni.

The Silver Jubilee function of the Arni Co-operative Town Bank was celebrated on 22nd July 1945 under the presidency of Sri M. Venkatasubbaiya, B.A., B.L., Dt. Munsiff, Arni. More than 500 persons were present. The portraits of four prominent co-operators were unveiled and speeches regarding the activities of the Bank were delivered. The function was a grand success.

Chitturai Festival at Perambalur.

The services rendered by the Perambalur Co-operative Stores, Trichy Dt., on the occasion of the Chitturai Festival of Sri Ramanuja were highly appreciated by the Registrar, the Addl. Joint Registrar and the Business Manager of the Madras Handloom Weavers' Society who visited the stores on that occasion. The Stores supplied not only the articles necessary for the pilgrims such as cocoanuts, camphor, betel leaves etc, but also arranged a grand show of the handloom cloth obtained from the Madras Handloom Weavers' Society.

Salem Co-operative Central Bank, Ltd.

This is the first year in the history of the Bank after the lapse of more than 20 years that the balance under principal and interest demand has been made nil. The demand for the year 1944-45 was Rs. 11,21,896 under the principal and Rs. 1,01,876 under interest and the above amounts were collected during the year.

The Registrar's review on Madura Co-operative Cigars Ltd.

Started on 15-11-43, the Madura Co-operative Cigars, Ltd. has shown considerable progress in the manufacture and supply of cigars. One special feature of this society is that out of its 109 members, 106 are cigar rollers. A new method of collecting one anna in every rupee wages paid to each member as thrift deposits, is adopted and this amount is credited towards the share capital of the member. A survey of the work turned out by the society and the enthusiasm evinced by its members show that the society is a promising one. To bring out a large scale production of cigars, the society requires a spacious building, as the present one is insufficient and considerable attention is being paid to achieve this end.

Cottage Industries in South Kanara.

The South Kanara Cottage Industries Co-operative Society was started in 1940. Its aim is to pick out the skilled labour from all quarters of the district and extract from them as much work as possible. As every plan involves the outlay of a fairly large sum of money, the society thought it wise to start only three or four industries in certain centres which are rich with the skilled labour in the concerned crafts. Thus they started (1) Hand-spinning (2) hand-made paper (3) ratan work and felt hopeful of a bright future in the course of two or three years.

Anantapur Dt. Non-Official Employees' Association.

The general body of the above association was held on 4-8-45 and among the various resolutions passed, the following is the one that requires the attention of the Government "Resolved unanimously to request the Registrar to move the Government to absorb the employees of the non-official service in the Government Co-operative Subordinate Service exempting from the operation of the age restriction."

Yellamanchili Co-operative Stores.

The Society invested Rs. 1590/- of its Reserve Fund in National Savings Certificates, declared dividend at 6½ percent, undertook procurement of food grains in five centres and purchased paddy and millets worth Rs. 95,641 by 4-8-45. The Society has a branch at Payakaraopet and a branch depot in the town of Yellamanchili. The Society is contemplating to open a branch at Nakkapalle during the year 1945-46. The Society is dealing in all essential articles as well as in consumer goods and various other articles. The Society is contemplating to extend its activities sale of textiles, aluminium, brass and glass wares cattle foods and manures and agricultural implements and cement and other building materials during the year 1945-46.

Available for Sale.

Market Intelligence—1945

For the establishment of the Consumers' Movement on a permanent basis, it is necessary that Co-operative Stores should have upto date market intelligence. The booklet now published by the Union aims at this object and may be of immense use to Co-operative Store. It contains useful information as to the centres of production or marketing and seasons for bulk purchase etc. of important agricultural products such as good grains, pulses and grains, fruits, household requirements, clothing and other essential commodities.

Price per copy is Rs. 0-5-0. Postage Extra.

For 50 copies and above Rs. 0-4-0 a copy.

**Copies can be had from : The General Secretary,
The Madras Provincial Co-operative Union,
Esplanade, Madras.**

Report of the Post-War Development Committee on Co-operation 1945

Gives useful suggestions for Co-operators and Co-operative Institutions.

Price per copy is Rs. 0-8-0. Postage Extra.

Only few Copies are Available.

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Esplanade, Madras.**

Village System in the Madras Presidency.

**BY THE LATE DEWAN BAHADUR S. SRINIVASA
RAGHAVA AIYANGAR, C.I.E.***

At the request of the President, (Police Commission) I submit a Note on the rural police as an integral part of the village organization in the Madras Presidency. My remarks will be very general and based on such papers bearing on the subject as are at hand.

1—Several types of village organization.

The village organization in the Madras Presidency at the time when most of the districts comprised within it were acquired by the British Government was much the same as in the Deccan districts of the Bombay Presidency. It was of two distinct types, viz. the first, comprising villages in which the lands were held in severalty by the cultivators, and the common affairs of the villagers were managed by a recognised head who held the office in hereditary right and who lived in a fortified place and protected the villagers from external aggression and represented the authority of Government within the village; and the second, comprising villages in which the lands were held jointly, the fields cultivated by the sharers being periodically redistributed to remedy inequalities which might creep in from time to time and the available waste lands within the village boundaries being held in common, and the common affairs of the village managed by a council of elders.

The first was the predominant type; the second was found in a few districts only, such as Chingleput, Tanjore and parts of Madura and Tinnevely at the beginning of the last century. The practice of periodical redistribution of lands was already falling into desuetude and giving place to a system of permanent individual holdings. The introduction of the ryotwari system, the disallowance of the claim of the ryots to keep the waste lands in their own hands without paying the revenue on it to Government, a preferential right to occupy and

* The Indian Police Commission was appointed by the Government of India in July 1903 with Sir Andrew Fraser (subsequently Lieutenant Governor of Bengal) as its President. It was in the words of the Viceroy Lord Curzon, "a strong and representative Commission." Dewan Bahadur Srinivasa Raghava Aiyangar represented Madras on the Commission, and Sir Harold Stuart, a Madras Civilian, was its Secretary. Though the report of the Commission was signed on 30th May 1903, the Government of India deferred its publication till 31st March 1905 when they issued it along with their own Resolution.

pay for such lands on the part of the villagers as against strangers only being acknowledged, and the concession of the latter right to ryots of the villages of the first type also, have practically assimilated the two types as regards land tenures. The distinction between the two cases is now of importance only in so far as the real status of the village head is concerned. In the first case, the head of the village was, and continues to be, a man of property, position and considerable influence in the village. In the second case, there was originally no village head properly so-called, the affairs being managed by a council elected from time to time, one of the leading men being deputed to represent the village body in their dealings with Government. In this class of villages, when a village head was appointed by Government under the new system for administrative purposes, he was generally a man without much influence with the villagers, and this is found to be the case at the present day.

The village system as it prevails in the rest of the Presidency did not exist in the districts of Malabar and South Canara where the people resided in their farms and gardens scattered through the country and not in village sites. In these districts the lands had been anciently held under a kind of feudal tenure in estate by proprietors of the priestly and military classes, the latter rendering military service and both classes paying no revenue to the Rajah or Chief who was supported by domain lands of his own; the people were not gathered together in concentrated villages; and the office of village head was the artificial creation of Government to meet administrative necessities and not a part of the ancient social organisation.

In all parts of the country the assembling of the council of elders to manage the affairs of the community was, however, very common. In the joint villages, the joint holding of land and the adjustment of disputes in connection with it kept the council in active operation. In the "severalty" villages (to use Sir Baden-Powell's phraseology) whose local affairs were usually administered by the village headmen, the councils assembled under the presidency of headmen for the settlement of the common affairs of the village, such as apportionment of the expenses of the repairs to the village tank, the maintenance of the village temple, the provision of food to poor travellers by way of charity, the entertainment of officials who might visit the village, etc., as well as the settlement of disputes among the

villagers regarding money claims, and where the population was fairly homogenous as regards caste or tribe, also for the settlement of such matters as the breach of the marriage tie, caste observances, etc. In the West Coast districts the councils held were for the settlement of general tribal affairs.

The office-bearers and servants in each village called the "Bara baluti" or "twelve men" in the Deccan comprise (1) the Head-man (2) Karnam or the accountant, (3) Shroff or Notagar, (4) Nirkanti or distributor of water for irrigation, (5) Toti or Taliari, (6) Potter, (7) Smith, (8) Jeweller, (9) Carpenter, (10) Barber, (11) Washerman, and (12) Astrologer. These formed the usual complement of officers and servants, but in some villages there were additional servants, such as the Pujari, the dancing girl, etc. The first five only now render service to Government and are recognized as parts of the revenue administration. They were remunerated partly by land inams, i. e., lands held free of assessment or on favourable assessments, and partly by *merahs* or fees in grain paid by ryots and representing deduction from the gross produce before it was shared between the Government and the ryot. In some cases, grain fees were payments made out of the ryot's share, especially in places where the fact that the cash assessments represented originally the commuted value of the Government share of the produce had long passed out of sight. The theory is—and it is followed out in practice to a great extent though not invariably—that as regards village officers and servants who render service to Government in connection with the general administration of the country, the cost is shared equally between the Government and the ryots, the Government share being represented by the value of the land inams and contributions from the general revenues, and ryots' share by the fees in cash or grain paid by the ryots. This is the principle kept in view in the arrangements for the revision of village establishments which will be referred to further on.

II.—State of the village organization and village Police at the beginning of the last century.

As regards the state of the Police in the beginning of the last century, a full account is available in the report of the Police Committee constituted under the orders of Sir William Bentinck, Governor of Madras, in 1806, and in the reports submitted by Colonel (afterwards Sir Thomas Munro). The following extract from Sir Thomas Munro's report, dated 22nd November 1813, shows the position of

affairs as regards the internal organization of villages and the measures which he considered necessary should be adopted for reviving such portions of it as had fallen into desuetude, especially in connection with the watch and ward of the villages and of the country generally. It will be seen that Sir Thomas Munro's description of the village organization and the status and influence of Potails had reference to "severalty" villages which however formed by far the greater portion of the Presidency:—

"Every province in India is divided into small tracts of land, called villages extending usually from one to four square miles. The term village is applied to a portion of land, whether there are houses in it or not; if there are no houses, the land is then said to be a desolate village. The affairs of every village are managed by two headmen: one is called the Potal, and is generally a husbandman: the other is called the Curnam or Putwarry, and is usually a Brahmin. The Potal is the chief of a village: he acts in it as a Judge, Magistrate, and Collector; the inhabitants, when dissatisfied with his decisions, being at liberty to apply to the district or provincial Collector. The Curnam is the registrar of the village, and assists the Potal in all his transactions. Both enjoy service-land generally rent-free, though sometimes paying a small quit-rent. They are, in fact the only great body of permanent land-owners in India; for their lands are secured to them under every change, when even those allotted for religious purposes are resumed. The offices of both are hereditary: and in a country where the revolutions of Government are so frequent, they are regarded by the inhabitants as their only natural and permanent superiors; for whoever rules the province, they still rule the village. But, by the judicial regulations, their authority is done away, excepting in cases where they are appointed to act as Commissioners under the Judge: and they are deprived of the consequence which under every change of Government, whether Hindoo or Mahomedan, they enjoyed among their countrymen. In the provinces under the Madras Government, there are, at least, fifty thousand headmen of villages. These are all discontented, by losing the authority which they formerly possessed, and will, no doubt, be disposed to exert their influence, in support of any revolution by which they may expect to regain it. The loss of authority is not all they have to complain of: they are subjected to great inconvenience and distress, by being summoned as witnesses in every trifling litigation that goes before the Judge from their respective villages.

They are supposed to know the state of the matter better than anybody else, and are therefore always summoned. They are detained weeks and months from the management of their farms; and are frequently no sooner at home than they are called away fifty or a hundred miles, by a fresh summons, about some petty suit, which they should themselves have settled much better upon the spot; and crowds of them, as well as the principal ryots, are always lying about the Court, and very often without its being known to the Judge that they are there.

"The influence of caste in India, however great, is insignificant, compared to that which the headmen of the villages possess, from their hereditary station as chiefs of the village municipality: and hence, in the hands of every wise Government, they are the most powerful instruments for maintaining order and tranquillity in the country; and they require no other management than merely to be left in the quiet enjoyment of their ancient privileges. Too little attention seems to have been paid to this important point in the formation of the judicial system, which is gradually undermining the whole fabric of the village constitutions, so admirably adapted for the preservation of internal peace and security: for those Potails who are not employed as Commissioners have no authority in their villages; not even over the watchmen, who hence, as well as the other village servants, lose all respect for them without transferring it to any other person. Subordination, where it is most wanted, is destroyed, and confusion and contempt of authority are introduced. It is true that the few Potails who act as Commissioners still retain somewhat of their ancient authority; but it is enfeebled, and they are themselves disgusted by being obliged to serve under two masters, the Judge and the Chief Collector, in the different capacities of political (*sic*) and revenue servants; and all their remaining influence, together with all the aid to be derived from a new and expensive police establishment, are not half so efficient for the protection of the inhabitants and the maintenance of the authority of Government as the ancient system was.

"The best remedy would be, to restore to the Potails their former jurisdiction over their respective villages; to let them settle all petty suits in the usual summary manner, without making them matter of record; to let causes of more importance be decided by arbitrators or by native juries; to reunite the offices of Collector and Magistrate; to give to the Collectors original jurisdiction in all

cases, leaving the parties at liberty, either to apply to the Judge in the first instance, or to appeal from him to the Collector; and to confine the Judge to such duties as are purely judicial.

"Under the native Governments, the Collector of the Revenue is also the Magistrate, and no other person has any control over the Potails, Curnams, and watchmen; for they, as well as some others of the village servants, are both revenue and police officers; and if we wish either to secure their attachment, or to avail ourselves of the full advantage of their services, we must place them, as heretofore, under one superior only.

"By reverting to the Indian village institutions an expensive police, which has been formed within these few years, and is still increasing, might be abolished, as not only useless but vexatious to the country. There is already an ancient system of Police in India which answers every useful purpose, and which requires no other aid, unless that of being restored to its former state, in some few places where it may have been destroyed by violence. In every village in India there are hereditary watchmen, whose business it is to guard the property of the inhabitants and travellers from depredation, and to exert themselves in recovering it when lost or stolen; and there is, perhaps, no race of men in the world who are equally dexterous in discovering thieves. They are maintained by the produce of an inam land, by a trifling tax on each house, and by a small allowance from travellers when they watch their property at night. No war or calamity can make them abandon their inheritance. If driven from it, they always return again, and often live in the village when every other person has forsaken it. This long and constant residence together with their habits of life, make them perfectly acquainted with the character and the means of livelihood of every person in it. When, therefore, a robber is to be apprehended, the new police officers apply to them, and seldom give themselves any further trouble than merely to carry the criminal, when the village watchmen have secured him, to the Judge. As the whole territory of India is divided into villages, it is evident that if every village is properly guarded by its own hereditary watchmen, the whole country is guarded against the depredations of internal thieves or banditti, for they cannot remain in it without being discovered. When they infest a country protected by village watchmen, they are strangers, and come either from the territory of a foreign power or that of some tributary of our own. In either case, no body of police

officers, however numerous, can check the evil. The only remedy is to compel the tributary to punish and give up the offenders, or to direct the Residents at the Courts of the neighbouring powers to make an arrangement by which the subordinate officers of the respective Governments shall mutually assist in extirpating banditti. The Native Governments never refuse to give the requisite orders for this purpose, and they are often productive of good effects; though it must be owned that their petty refractory tributaries usually treat them with neglect. When this takes place, and when the depredations of the banditti are serious, the mischief can only be removed by a military expedition.

"The Nizam, in 1803, had prepared a force to reduce a number of petty tributaries on his southern frontier, who protected banditti that made incursions into the Ceded Districts. The design was laid aside, in consequence of the breaking out of the Mahratta war; but the alarm which this preparation excited, induced several of the tributary chiefs, to make the banditti quit their territory. This effect will always be produced when the British Government interferes; for the apprehension of its power is so great, that no petty chief will risk his own possessions for the sake of the precarious profit which he derives from sharing in the booty of robbery. But before any steps can be taken against banditti, it must be ascertained where they are sheltered, and no men are so well qualified as the village watchmen in making this discovery; and as none are nearly so expert in tracing domestic thieves also, it seems obvious that they are better adapted than any other Police establishment, for giving security to the inhabitants, and that, instead of creating a new, expensive, and inefficient system, we ought to give activity to the old one, where it exists, and to restore it where it has fallen into decay. It is only in this last case that any additional expense would be incurred. Nothing more would be necessary than a small grant of land in each village. Lands formerly allotted to the watchmen will probably still be found in most villages, either appropriated to other purposes or lying waste, and ought to be restored to them; for the person who holds the village, holds it with the reservation of the rights of all other individuals, a condition which is usually inserted in all Indian grants.

"If, however, we wish to obtain all the benefits which may be drawn from the village watchmen, we must not transfer them to the charge of a Police Darogah or any other new officer, but leave them,

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as formerly, under the exclusive authority of the Potails. The Taliari is, in fact, a servant of the Potal; he attends him at all times when not employed on other business; he is fed by him when the produce of his land and fees is insufficient; he regards him as his hereditary master, and executes his orders with zeal and fidelity; and the Potal, from his influence over him, as well as from having always been accustomed to the management of the village police, is much better qualified, than any other person can be, to direct his services to the greatest advantage. Great towns are protected by the watchmen of the village on the territory of which they are situated; but it is also usual in such places, in addition to the village watchmen, to have a Cotwal with a few peons, who are paid by the month and retained only during good behaviour. They are employed rather for the purpose of preventing riots and affrays than of apprehending thieves, and their number, even in the most extensive province, is very trifling. It is also often necessary to station guards of armed peons, or militia, in woody or mountainous passes, between the Company's frontiers and those of a neighbouring power, to protect travellers against banditti who are sheltered there. Great towns and frontier passes are the only situations in which any other police than the village watchmen is required."

(To be continued.)

NOTICE.

TO ALL THE MEMBER SOCIETIES OF THE P. C. U.

Member societies of the Madras Provincial Co-operative Union are requested to remit the annual subscription due to the Union for the current year (1945-46) as well as the arrears, if any, at an early date.

As per by-law No. VI (4) of the Union, "the annual subscription shall fall due at the commencement of each co-operative year and be payable not later than the 31st October of the year. They shall be recoverable as debts due to the Union."

Hence the member societies are requested to remit their subscription at an early date.

Madras, }
19-9-1945. }

V. VIYYANNA, B.A., B.L.,
General Secretary,
M. P. C. Union.

South African Agriculture*

BY RAO SAHEB R. RAMASWAMI IYENGAR.

The "Farming in South Africa" the monthly journal of the Department of Agriculture in South Africa, publishes every year the report of the Department just a few pages are devoted to a description of the Department's normal activities. The major part of the report, nearly four-fifths, is taken up for a review of activities of immediate importance, under present conditions, viz., those of the food control organisation. The picture given of the steps taken to produce, conserve, and augment food products is vivid, clear, and interesting. The food problem has dominated the field of the Union's agricultural activities, which, under able direction and prudent administration, has changed the entire economy of the Union. The position as regards food supplies considerably improved. Self-sufficiency has been reached. War has wrought similar effects here as in other parts of the world. Shipping and transport difficulties, the mounting need of feeding the Military and civilian population, vagaries of nature in a predominantly agricultural country and other factors have made the work of those engaged in safe-guarding the food position, difficult and strenuous. On the whole, the Union Agricultural Department faced the difficult problem of maintaining and supplementing supplies, and successfully worked the measures for distribution, marketing and purchase.

From an exporting country during pre-war periods, South Africa has now to concentrate all its energies on the provision of food to meet its own needs. Maize crop was totally inadequate. It is a staple food for the poorer classes and it is important as a stock feed. The shortage of this crop, even for human requirements, taxed the resources of the food controller and was with difficulty met by the favourable climatic condition and measures instituted by the Food Controller and the Maize Control Board. Shortage of agricultural requisites, especially, labour shortage, was felt but relieved to some extent by the drafting of prisoners of war for farm work. In the matter of agricultural implements, only a small percentage was manufactured in the country; it was dependent to a large extent on foreign imports. Difficulties of the farmer reached their climax last year. Thanks to the Government's vigorous action not only was import expanded, but, what is more noteworthy, stimulus was given to organising local manufacture, which, during the year, went a long way to remove the difficulties of the farmer.

* Report of the Department of Agriculture for 1943.

Measures for food control had a dual character; measures for the stimulation of production and guarding of producers' interests and those for safe-guarding the interest of the consumers. The principal task of production was well done. Labour shortage was relieved by drafting prisoners of war and shortage of implements was met by special efforts by import and promotion of local industries; facilities were given for the supply of seeds, bags, wire, binding twine etc., production was largely assisted by measures instituted for supply of fertilizers and bonemeal—the former for crop and the latter for stock products. Large supplies were obtained and distributed. The system of rationing went far to secure a fair and equitable distribution of available supplies. Prices were fixed at a reasonable level so as not to force up production cost. Reasonable prices were assured to the producers. The constitution of a Feed committee in 1942, helped a good deal in securing feed for live stock in the face of maize deficit. Special arrangements were made to import wheat and tea. Increased attention was paid to food preservation; canning, and dehydration received increasing attention. The measures adopted by the Department, the forms of assistance and enlightenment by means of propaganda and advertisement to establish closer and intelligent contact with the farmer, met with considerable success.

The consumer was assured of steady and adequate supplies being made available to him at prices within reasonable limits. The difficult task of distribution during periods of transport difficulties and food scarcity, was successfully performed; threatened shortages were surmounted by timely importation and intelligent conservation. Standard meals were introduced, wastages were eliminated by proper control and distribution. Advice was given to the housewives through bulletins and radio for preparation of nutritious and attractive meals from available foodstuffs.

There were no doubt complaints against food control. This is but natural. Control in any form is ever unwelcome to us. For one thing, farmers who are emerging from years of pre-war depression, complain against prices allowed for food products they raise for the market. Excessive prices will bring in their own consequences. One direct consequence is inflation, and price control machinery averts this tendency and confers direct benefit. The consumers, on the other hand, are ready with complaints on the slightest pretext; such as, slight delays at delivery and distribution.

occasional shortage and defects in the quality of the controlled articles. They are oblivious to the certain advantages of control, viz., stability of supplies and prices.

The Department is alive to the importance of and holds strong views about, Post-War problems of agricultural reconstruction "the rehabilitation and readjustment...necessary to place agriculture on a normal footing of development again." While conceding the need for industrialization of the country, the Department stress the fact that it should never be undertaken at the expense of the agricultural industry as farmers will always "constitute a permanent and essential part of the community." Reconstruction of agriculture should be assigned the prior rank in the programme of post-war development of the country, which is predominantly agricultural in character. The farmer's rural outlook should not be disturbed; "greater progressiveness" should be encouraged in the farmer to bring about "acceleration" in the pursuit of agriculture; assurance of respectable livelihood to the farmer through a guarantee of "reasonable and stable prices" and realisation of the principle that the farmer is entitled to prices almost on a par with those of the industrialist; the farmer should be assisted in marketing his products, preferably by a judicious development of local markets. National plans should be drawn up, as far as possible in harmony with international planning. Post-war development should aim at greater economic and social security of the average citizen and schemes of social security should take proper note of the important position of the farmer in the national economy.

The report then proceeds to detail the practical activities of the food control organisation, by giving an account of the steps taken to secure adequate production of livestock, stockfeeds, and of crops. In the stimulation of crop production, seed production and supply assume an important role. Seeds of various crops are supplied to farmers; vegetable seed production, it is said, progressed by leaps and bounds. Provision of pasture is kept in the fore-front.

A brief survey is given of the main facts in regard to the development of the more important food products. Reference has been made to the shortage of maize crop. By offer of increased prices, by the Control Board becoming the sole buyer of all maize direct from producers, by proper rationing, avoiding wastage, the position was improved. Purchase and sale of seed maize was controlled and regulated. Notwithstanding bumper harvest of wheat, certain quantity

of the cereal was imported to supplement the local supply, owing to increased consumption resulting from general increased prosperity of the population and from increased demand to make up the shortage of maize crop. Control was found necessary in respect of almost every important food, oats, barley, rye, potatoes, onions, and rice. Groundnut crop was too small to meet the local demand, which since the outbreak of the war, has enormously increased. Meat prices have also been controlled. Dairy products did not suffer any diminution in production or consumption. Information is given of the prospects of other than agricultural crops also—wool, mohair, hides and skins, tobacco, chicory, citrus fruit, desiduous fruit, (plums, pears, grapes, peaches, etc.), dried fruits, viticultural products, wattle bark, and extract, and timber.

The report concludes with a brief reference to the normal activities of the Department. Mention is made of the activities of utilisation, conservation and restoration of agricultural resources. Prevention of soil erosion received the constant attention of the Department. A sum of over two million pounds was spent up to December 1942 on various soil erosion schemes—payment of bonus, grant of advance wages, etc.

Pasture research is prosecuted. More than 300,000 were spent on this work in the last seven or eight years. Silo schemes to improve the nutrition of the cattle are being studied and commended to the attention of the owners of livestock. Construction of silos for the storage of grains on farms with the object of effecting savings on bags and reducing wastage of grain is being encouraged by the grant of bonus.

Eradication of weeds, such as prickly pear, jointed cactus, burweed, dodder etc., is being studied and measures explained to the people. Measures for improvement of cattle and horse, and those for the control of diseases affecting stock and pests affecting crops are briefly explained. Locust nuisance was checked. It is said that poison bait was used with excellent results in all districts.

A study of the reports and returns bearing on the war-time activities of the Departments of Agriculture, elsewhere, brings home in solid contrast their aims and achievements and the aims and achievements of our own Governments, Provincial and Central. The problems confronting the agricultural population and presenting themselves for solution are the same. If we take, for instance, food shortage and compare the measures taken to solve it and secure relief

to the consuming public, we are at once struck by the boldness of conception of measures to combat deficiency in production and maldistribution and of the energetic execution by the successful administration of those measures. Shipping and transport difficulties are not offered as excuses of inability to secure supplies. Conservatism of the people is not allowed to stand in the way of introducing new policies and programmes; vested interests create no bar to the setting up of new industries essential to stimulate production; provincial jealousies are not fostered and shelter is not taken behind theoretical constitutional mechanism.

Food production drive is bound to end in disappointment, if adequate facilities are not offered to growers in obtaining their necessities. If South Africa can surmount difficulties of shortage of agricultural implements for the proper prosecution of schemes of crop improvement, the same should be possible here in Madras. Provision of cheap fertilizers is another important factor. The local Government has remained a passive spectator in a market of soaring prices of fertilizers. Groundnut cake for instance is selling at three times its prewar prices. It is not even available in many centres. It is an important organic manure which the ryots are gradually increasing the use of. A Government appreciative of the difficulties of the ryots would surely step in and control the prices and even introduce a system of bonuses and grants for widespread use of the manure.

In the field of preservation of livestock there has been neglect. Morage of the prices of livestock is phenomenal; working bullocks are selling at abnormal rates. Ryots are in a dilemma; worn out and diseased cattle are not within the means of ryots to replace. Demands of the Military are believed to be the reason for the present state of the livestock market. Has a limit been placed to the drafting of cattle for slaughter? Does the number slaughtered bear any relation to the local cattle wealth? Is any agricultural or veterinary expert associated with the agency that is responsible for the selection or purchase of cattle for consumption. Mechanisation has not progressed in the field of agricultural operations. Cattle power is still all important in the Indian agricultural economy. A word about the milk supply; not only in towns but in rural areas as well, the supply is woefully deficient and even infants, as compared to the conditions in advanced countries, are starved of essential milk diet. The supply was meagre enough under ordinary conditions. It is more so now. The dairy trade is not controlled. Milkmen have put up prices everywhere. He pleads scarcity of straw, cotton seed, husk, cake and other stock feeds. Husk sells at prices the grains were selling two years ago. Cotton seed is selling at six times the pre-war price. The Government ought certainly to step in and control the way in which the milk trade is carried on. Its handicaps and caprices should be enquired into and urgent measures introduced to make milk available in sufficient quantities at reasonable prices.

Working of Societies

Kayalpattanam Co-operative Stores—A model one

(From a correspondent)

Kayalpattanam is a sea-coast village four miles north of Tiruchendur in Tinnevely District. It consists of more than 3,000 houses with a population of 15,000, Muslims who are leading merchants in Colombo. The co-operative stores in this village was registered on 15-6-1943 and started work on 20-7-1943. Though two years have not passed completely after starting, the stores commands the full confidence and loyalty of the entire people of the locality since the stores is the one and the only source or support, livelihood and maintenance of the population there. But for the stores the people would have suffered a lot on account of the war and its consequences. Though it is a rural stores it possesses almost all the characteristics of an urban stores. There are about 1,794 members on its rolls on 30-6-1944 with a paid up share capital of Rs. 19,075. It is doubtful whether any other rural stores consists of so many members and paid up share capital. It is noteworthy that Muslim Gosha ladies form half the number of members. Equally praiseworthy is the system of leading members advancing temporarily loans without any rate of interest. The Deputy Registrar in his inspection report dated 29-8-44 has remarked as follows "It is a striking testimony to the work of the Stores that it was able to raise deposits to the extent of Rs. 26,368 without any interest." In the very first year of its working the Stores earned a net profit of Rs. 9,343 out of an annual sale of Rs. 1,52,298. The main reason for the successful working of the Stores is that it was managed by young, able, energetic and honest directors in general and president and secretary in particular. It had the unique opportunity of celebrating its first anniversary recently under the distinguished presidentship of the Ex-Premier Dr. C. Rajagopalachariar who was very much struck by the usefulness of the Stores. Sri N. Lakshmanan, Editor of the *Kootturavu* gave a brief account of the consumers' movement in Great Britain.

23rd International Co-operative Day

Saturday, 3rd November, 1945

Resolution

Co-operators of all lands make the 23rd International Co-operative Day an occasion for:—

Manifesting their profound gratitude for the partial liberation of the world from the horrors and sufferings of totalitarian war, and expressing their earnest hope that the conflict in the Pacific will soon be brought to an end;

Demanding a place for the World Co-operative movement in all International Conferences concerned with the peace settlement, and with Economic and social problems;

Reiterating their determination to strive unceasingly for the Spread of the Co-operative idea and for Economic and Social Justice for Mankind Through the application of the Century-old Principles of Voluntary Co-operation.

A Message

FROM

The Acting President of the I.C.A.

Uppermost in the hearts and thoughts of Co-operators the world over on the 23rd International Co-operative Day will be a deep sense of thankfulness and rejoicing that war in Europe is ended. International contacts, broken by the war, are now being re-established and future action envisaged on the solid foundation of a co-operative idea which knows no frontiers, of a co-operative spirit which knows no national hatred, no racial prejudice, no religious discrimination. Co-operative plans for an ordered national and international progress towards a world of equal opportunity for everyone, a society of economic justice combined with personal freedom, are now maturing and are appealing for the support of every man and woman of good will. Co-operators everywhere must bend all their energies to strengthening this appeal by a concerted propaganda effort, by a broadening as well as an intensification of co-operative education. The inherent value of the co-operative idea can only become apparent to all if co-operators make it known to all. Too long and too often has the light of the co-operative idea been hidden under the bushel.

The services which the Co-operative Movements in different countries have rendered to the community during the war, the economic strength they have acquired by the building up of an efficient system of distribution and production, the successes they have achieved in the fight against monopolistic abuses, give co-operators the right to claim a place for the Movement in the national and international councils which determine, or are to determine, the course of human economic and social relations in the future.

They also justify the claim for freedom of development for the Co-operative Movement everywhere—freedom to build up a new society—not by means of destruction but by the creation of ever stronger economic instruments for social service and collaboration.

In a few months time the International Co-operative Alliance will attain its 50th anniversary, an event for the World Co-operative Movement only second in consequence to the Centenary of the Rochdale Pioneers.

On International Co-operative Day I appeal to Co-operators everywhere to pay homage to the Founders and Builders of the Alliance, the greatest organisation of people in the world, which to-day symbolises the joint effort of the common man towards human progress, mutual understanding, and lasting peace.

To Co-operative Organisations I appeal to bring into their international collaboration the ardent spirit, the simple faith, the resolute determination of the Pioneers of our Movement, National and International—then will the aims and purpose of the Alliance be realised. Great as have been the achievements of the past—"The Best is yet to Come".

R. A. PALMER.

National Income, Expenditure and Taxation in Great Britain in 1944

The National Income.—The changes in the different components of the net national income of Great Britain in 1944, as compared with 1943 and the last pre-war year, are shown in the following table, published in the Budget White Paper:

Source	1938	1943	1944
	(In Million £)		
Rent of Land and Buildings ...	380	384	384
Interest, Profits (including farming profits and professional earnings) ...	1,326	2,346	2,376
Salaries ...	1,100	1,434	1,473
Wages ...	1,735	2,916	2,930
Pay and Allowance of Members of the Forces and Auxiliary Services —	78	999	1,171
	4,619	8,079	8,334

These figures represent the net national product at factor cost, that is without indirect taxes and similar levies.

Personal Expenditure and Spending of Public Authorities.—The personal expenditure on goods and services increased last year from £3,904 million to £4,115 million. In 1938 it amounted to £3,541 million. The expenditure of public authorities on goods and services at home and abroad, which in 1938 was only £814 million, rose slightly from £5,185 million to £5,221 million last year. Capital disinvestment at home and abroad continued in 1944 to bridge the gap between total expenditure and national income. From the beginning of the war to the end of 1944 the overseas disinvestment of British capital is estimated at £3,725 million and the loss of domestic capital (depreciation less new capital formation) at about £400 million.

Consumers' Goods Expenditure.—An analysis of personal expenditure on consumers' goods and services, corrected in order to eliminate the effect of price changes since 1938, shows important changes in the structure of consumption caused by war conditions:

	1938	1943	1944
	(In Million £)		
Food —	1,205	939	998
Alcoholic Beverages —	266	285	288
Tobacco —	176	203	203
Rent, Rates and Water Charges —	491	496	495
Fuel and Light —	192	183	183
Durable Household Goods —	284	65	89
Clothing —	446	247	275
Travel —	284	186	187
Services not included above —	567	403	403
Other Goods —	280	198	205

Future of Cottage Industries*

SHOULD THEY SURVIVE?

By DR. P. J. THOMAS.

Referring to the question of reorganisation of cottage industries, Dr. Thomas said: "We have first of all to decide as to which of them should be fostered and for what kind of production. We have also to decide which should be allowed to use electric power. Having made these decisions, we have to take steps to safeguard these industries against machine competition, by marking out definite spheres and in other ways... In many cases, it would be possible to link cottage workers to the factory, as has been done in many European countries."

COTTAGE INDUSTRIES: WHAT ARE THEY?

Small-scale industries in India are mostly carried on in cottages as handicrafts, and the great bulk of industrial production in this country is still of this category. Of the 15 million people returned as industrial workers in the 1931 Census, more than 18 millions were engaged in such industries, and only about 1½ millions were employed in factories. The largest of the small-scale industries is handloom weaving, which gives full or part time employment to about 6 million persons and supports nearly 10 million people. The cotton mill industry indeed looms much larger in the public eye, but it employs only one-tenth of that number. Next come various handicrafts working up metal, wood or stone, and others engaged in processing agricultural products or meeting the multifarious needs of the rural folk. Some produce artistic wares, while others make ordinary articles of consumption. Some are pursued by agriculturists as part-time occupation for supplementing their scanty earnings from tillage. But to most cottage workers, especially those in towns, these industries provide the sole means of livelihood. A more material difference perhaps is between those cottage workers who pursue their industry independently, purchasing raw materials and selling finished products, on their own account, and others who are depending on middlemen for raw material and for advances, and perhaps for sale also.

The total production coming from our small-scale industries is not so large as indicated by the numbers employed, but this is not the criterion by which their importance in the national economy is to be judged.

THEIR DECAY AND CAUSES WHY

Most of the cottage industries are in a state of decay. The production per worker has gone down and most of the workers are unemployed wholly or partly. In fact, the occupation given in the Census returns is based on

*A talk given at the All India Radio, Delhi.

hereditary calling and does not give a true idea of the state of things. Large numbers who are returned as hand weavers get work only occasionally and are unemployed most of the time, with the result that several of the weaving centres have fallen on evil days. Not much better is the condition of other handicrafts, and some are worse off. Technological unemployment of the severest type is going on among the cottage workers all over India. But as they are quiet people living in out-of-the-way places, this fact is not widely known.

Why have cottage industries declined? In the case of industries producing ordinary consumption goods, at any rate, the chief cause of the decline is competition, not only from imports but from internal factory-made goods also. Spinning has suffered most by such competition. Because not only are power spinning costs so low, but the machine can produce stronger and more uniform yarn than made by *charkha*. This advantage is much less pronounced in the case of coarser yarns, essential for the thick coarse cloth required for wear in Northern India; in the Punjab, not less than 60 per cent of the total yarn used is hand-made. Hand-weaving has also suffered, but the advantage of the powerloom is not so pronounced and in spite of heavy odds, between 25 and 30 per cent of the total cotton textile production still comes from the handloom.

In the case of artistic products, however, the real cause of decline is not machine competition but the loss of patronage from the better off classes in India, largely due to change of fashions. In the case of textiles the *khaddar* movement has lately counteracted this tendency, but in spite of the active propaganda carried on by the All-India Spinners' Association, the total production of hand-spun yarn under its auspices came to only 3 million pounds in 1940. This is not very impressive, seeing that the total consumption of mill yarn in India is about 1,800 million pounds. Nor is the proportion of genuine *khaddar* cloth worn in the country considerable. The rough hand-made cloth common in North India cannot be included in this category.

SHOULD THEY SURVIVE?

Thus, cottage industries are in decay, and if special efforts are not made, they die out, as has happened in most other countries. Should this be allowed to happen? This is a crucial question for us to consider, especially now when reconstruction is in the air.

1. First and foremost there is the question of employment, which is most important for a country like India with a large unemployed population. Cotton mills have come to supply more than 60 per cent of the cotton textiles required for consumption in this country; while this has given employment to 600,000 persons, unemployment and misery have been the result to the six million persons engaged in the hand-weaving industry. There has been an expectation that industrialisation would relieve the

pressure on land, but this has not materialised. The fact is that modern machine-driven industries need only a comparatively small labour force. India produced even before the war a good part of our consumption goods; yet the total number of labourers employed in the factories came to only 1½ millions. We are now proposing to strengthen our basic industries. No doubt, these industries are essential for our economic improvement; even our very security depends on them. But they cannot be counted on for giving employment. The whole of our basic industries may not require many more than 100,000 labourers for some time to come. India needs large quantities of fertilizers, but all this can be made by employing about 2,000 workers. This is disconcerting for a country like India, where very large numbers are unemployed or underemployed. Even the industrial countries in the West producing vastly for export, depend largely on trade, transport and other services for employment. But in India these are undeveloped. Therefore, we cannot afford to throw away the employment which is now given by the small industries to about 15 million persons.

2. The paucity of our capital resources is also another reason for giving an important place to cottage industries. Machine-driven industries require large investments of capital, but our capital supply is meagre. In Western countries, where labourers are few and capital resources large, machine-driven industries cannot give such trouble, but our position is just the reverse. We have abundant labour and meagre capital. Therefore, we must pursue our industries, as far as possible, in such a manner as to occupy our plentiful labour supply and economise on capital. Hence the special need for small-scale industries in India.

3. The scattered and decentralised character of our cottage industries has many military and tactical advantages, which have lately become patent, especially in the case of China. Such production alone can defy modern warfare. The enemy can destroy concentrated power-driven industry by bombing, but not a decentralised industry like hand-weaving. It was this advantage that enabled China to defy Japan for long, in spite of odds. In a world subject to periodical outbreaks of intense and prolonged war, each area must have its food, clothing and other essential requirements from nearby, to avoid risks. The help which cottage industries could give in this matter must be fully utilised, in the interests of security.

4. The aesthetic claims of handicrafts are even more formidable. No doubt owing to prolonged neglect, the artistic standards of some of them have fallen, but even new work of high quality is going on. Three years ago, I had occasion to make an all-India survey of hand-weaving and I was amazed at the high artistic beauty of the superb saris made in many places. The sari is perhaps the most befitting garment for a woman, and the best is made on the handloom. The handicraftsman, once the pride of India, may still come to his own.

5. On social grounds also, the survival of cottage industries is desirable. They can avoid the overcrowding, regimentation, strikes and lock-outs which industrialism leads to, and can enable the worker to lead a calm and independent life in the midst of his family.

THEIR INEFFICIENCY.

Thus the preservation of cottage industries is desirable on many grounds. What stands in the way is their high cost of production and the consequent inability to compete with machine-made goods. In other words, handicrafts are inefficient. But the inefficiency is not so great in all cases. The handloom, at my rate, is able to closely compete with the powerloom in many classes of goods, and even in the case of certain staple goods the difference between mill and handloom prices is only about 10 per cent. Of course, this is only possible by depressing the hand-weaver's earnings. This is how the handloom survives. Lord Curzon in 1904 said that the powerloom would drive out handloom as surely as the electric fan has replaced the handpulled punkah. Indeed this has come true, but at what cost? Only in producing goods which call for variety and distinctiveness can the handicrafts successfully compete with the machine, but as such goods have only limited markets, these industries cannot give lucrative employment to a large number of people.

USE OF CHEAP POWER DESIRABLE?

Cottage production can be made much more efficient by the use of electricity, as has been done in many European countries and in Japan. In this way, many consumption goods industries can be successfully pursued on the small scale in cottages or in small workshops. Advancing on this line, small-scale industry can be made to compete successfully with factory industries. But such small-scale industries will hasten the decay of handicrafts and will lead to greater unemployment among cottage workers. This has already happened in the case of weaving: the single powerlooms and small powerloom establishments in Bombay Province have seriously affected the handloom's markets. Thus the introduction of cheap power into the cottage sphere has created another menace to employment in handicrafts.

SMALL INDUSTRIES AS MEANS TO FULLER EMPLOYMENT

The Bombay Plan has made a special plea for fostering small industries as a means affording employment, but how this objective will be carried out has not been explained. Unless the small industries stick to inefficient methods, the numbers now engaged in them are largely superfluous. Even as there is pressure of population on the land, there are today too many workers depending on cottage industries. In both cases, the use of cheap power will lead to serious unemployment, unless in the meantime special

steps are taken to step up consumption, and this crucial point has so far escaped the attention of our planners.

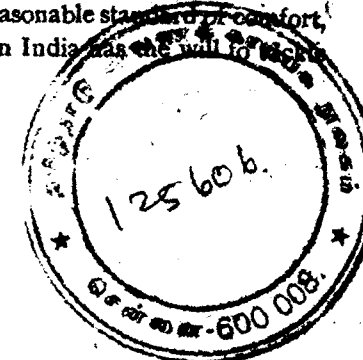
REORGANISATION

The question of small industries therefore calls for urgent solution. We have first of all to decide as to which of them should be fostered and for what kind of production. We have also to decide which should be allowed to use electric power. Having made these decisions we have to take steps to safeguard these industries against machine competition, by marking out definite spheres and in other ways. In general, it may be best for cottage industries to stick to products which call for variety and distinctiveness, rather than range over ordinary consumption goods, for which mass production methods have a clear advantage. In many cases, it would be possible to link cottage workers to the factory, as has been done in many European countries. Under this system, the factory will give partially prepared materials to cottage workers to be returned as finished products; or handicraft products will be finished in the machine, so that they may become more attractive. In such a system, it is possible for handicrafts to specialize and attain high levels of efficiency, but this calls for great technical skill in the cottage worker, and special training will have to be given to him.

The weakness of cottage workers today is largely due to the high cost of raw material and the poor marketing methods followed by them. The State may do a great deal, either on co-operative lines or otherwise, for supplying raw material at reasonable prices and for the orderly marketing of goods. Improved methods must also be demonstrated to him. A reorganised village economy on a co-operative basis will be able to place cottage industries on more stable foundations. Along with these, all-India organisations for marketing cottage products both here and abroad are essential. The country will therefore welcome the formation of an All-India Handloom Board, on the lines suggested by the Fact-Finding Committee.

CONCLUSION

It is indeed desirable that cottage industries should survive, but it is no good their surviving as a relic of primitive economy, as a symbol of sweating and low living standards. They must survive and grow strong as the corner stone of a healthy decentralized modern economy which will maintain in freedom millions of families on a reasonable standard of comfort, and this is possible if the present generation in India has the will to meet this crucial problem.



Handwritten notes and stamps: 'JL', 'XIV to 2M, NTD 101', and 'NLS 37.3'.

Judgment

IN THE HIGH COURT OF JUDICATURE AT MADRAS.

PRESENT :—MR. JUSTICE SOMAYYA.

K. Ramasubramania Mudaliar

vs.

The Salem Urban Co-operative Society, Limited, represented by its Secretary and another

... Appellants

... Respondents.

Madras Co-operative Societies Act (VI of 1932), section 51—Mortgage by member to Society—Proceedings for enforcing—Alienee from mortgagor is a proper party to—Power of Registrar or arbitrator appointed by him to pass a decree for sale of the property—Alienee who was party to proceedings—Cannot question the decree in execution or by separate suit—Bye-law of Society providing for execution by Civil Court only—Act providing for execution through department—Effect.

The Registrar or an arbitrator appointed by him under section 51 of the Madras Co-operative Societies Act has the power to pass a decree against the property mortgaged to the Society so as to bind a subsequent alienee who was made a party to the proceedings. The power is not limited to the passing of an ordinary money decree. Such an alienee is a proper party to the proceedings and the question as to the mortgage liability as between him and the Society is one touching the business of the Society. An alienee properly made a party to the proceedings cannot attack the decree either in the execution department or by way of a regular suit. It is only a stranger who was not a party that can file a separate suit and even then the decree can be attacked only on grounds of fraud or collusion or the like.

Though the bye-laws of the Society, providing for execution only through a Civil Court, had not been altered after the passing of Madras Act VI of 1932 providing for execution of awards by the department itself, the bye-law cannot prevail, and execution can proceed through the department itself.

Appeal against the decree of the Court of the Subordinate Judge, Salem, dated 8th January, 1944, and passed in A. S. No. 61 of 1943, preferred against the decree of the Court of the District Munsiff, Salem, in O.S. No. 358 of 1940, etc.

D. Ramaswami Aiyangar and P. S. Srinivasa Desikan for Appellant.

B. Sitarama Rao and T. Krishna Rao for Respondents.

The Court delivered the following

JUDGMENT.—The question involved in this second appeal is whether the Registrar or an arbitrator appointed by him under section 51 of the Madras Co-operative Societies Act (VI of 1932) has the power to pass a decree against the property mortgaged to the Society so as to bind a subsequent alienee who was made a party to the arbitration proceedings. The plaintiff is the purchaser from one David Dorairaja of a house which had been mortgaged by the vendor to the defendant, the Salem Urban Co-operative Society, Ltd., for a sum of Rs. 1,500 taken as a loan on the 7th February, 1938, on a mortgage of the suit house. Having purchased the property on the 20th June, 1934, subject to the mortgage in favour of the Society, the plaintiff sent a cheque for a certain amount but the defendant-society refused to accept it claiming a larger amount. Thereafter the respondent-society filed claim No. 170 of 1935, before the Sub-Deputy Registrar of Co-operative Societies impleading both the original borrower

* S. A. No. 984 of 1944 and A. A. O. No. 154 of 1944.

18th March, 1945.

JUDGMENT

David Dorairaja and also the appellant, the subsequent vendee. The Sub-Deputy Registrar gave a decision upholding the claim of the present appellant that he was bound only to pay Rs. 1,433 instead of the larger sum claimed by the Society. Unfortunately for reasons best known to himself, the appellant who was also a party to the proceedings before the Registrar did not pay the sum adjudged even though at an earlier stage he had sent a cheque for that sum. Thereupon the respondent-society applied for execution of the decision or decree which is provided for under section 57-A and rule XXII, clause 7 of the rules made under the Madras Co-operative Societies Act and the property was purchased by the respondent. The present suit is filed to establish the plaintiff's title and for an injunction restraining the respondent from dispossessing the appellant. Both the lower Courts dismissed the suit and hence this second appeal.

The chief argument of Mr. Ramaswami Aiyangar, the learned advocate for appellant, is that under the Act, the Registrar or an arbitrator has no power to give a decision or to pass an award directing sale of the mortgaged property and much less to pass such a decree so as to bind a subsequent mortgagee or a subsequent alienee. The decretal order, as we may call it, runs thus :

"That the defendants 1 and 2 do pay plaintiff Rs. 1,423-5-9 without interest. In default the mortgaged property hereunder specified or a sufficient part thereof shall be sold and the proceeds applied in payment of the amount due to the plaintiff, namely, Rs. 1,433-5-9. If the sale proceeds be found insufficient the plaintiff may recover the balance from defendant 1 personally or from his other properties or in both these ways."

The material portion of section 51, clause (1) runs thus :

"If any dispute touching the business of a registered society arises—

(b) between a member, past member or person claiming through a member, past member or deceased member and the society, such dispute shall be referred to the Registrar for decision.

Explanation.—A claim by a registered society for any debt or demand due to it from a member, past member or the nominee, heir or legal representative of a deceased member, whether such debt or demand be admitted or not, is a dispute touching the business of the society within the meaning of this sub-section."

This explanation was added in the Madras Act so as to remove any doubt on the question whether a debt due by a member is a dispute touching the business of a registered society. Even prior to this explanation, the Courts held under the Imperial Act, II of 1912, that a claim by the Society to recover a debt due by a member is a dispute under the Act. There cannot possibly be any doubt that the main business of these registered societies is to advance loans to the members and recover them; and if the loan is not returned and a claim has to be made, it is obviously a dispute touching the business of the Society.

Under this definition a dispute between a person claiming through a member on the one side and the Society on the other is a dispute which has to be referred to the Registrar for decision. Under clause (2) of the

same section, the Registrar may either decide the dispute himself and among other things he can also refer it for disposal to an arbitrator or arbitrators. In the present case, the Registrar decided on the merits in favour of the appellant who took part in the proceedings, contested the claim of the Society and succeeded in establishing that the amount which he sent already was the proper sum payable to the Society. I do not find any limitation on the power of the Registrar or of the arbitrator limiting his power to an ordinary money decree. Mr. Ramaswami Aiyangar says that only a money decree is contemplated by the Act and not a decree against the property mortgaged to the Society. If this interpretation is accepted, the vast majority of the loans granted by such societies cannot be recovered by the simple method provided under the Act. Almost invariably a security in the shape of a mortgage is taken by the Society and on the interpretation suggested, the Society will have to go to the Civil Court for getting the amount by sale of the property. Unless there is a distinct provision limiting the authority of the arbitrator or the Registrar, I am of opinion that this argument cannot be accepted. Further section 57-A which is a new section introduced by Madras Act V of 1935 puts the position beyond all possible doubt. The material portion of that section runs thus :

"The Registrar may recover any amount due under a decree or order of a Civil Court, a decision or an award of the Registrar or arbitrator . . . together with the interest, if any, due on such amount or sum and the costs of process by the attachment and sale or by the sale without attachment of the property of the person against whom such decree, decision, award or order has been obtained or passed."

Rule 22, clause 7 also provides as amended that—

"In the attachment and sale (or sale without attachment) of immovable property the following rules shall be observed:—

The section and the rules make it clear that a sale without attachment is distinctly provided for by the Act. If it is a money decree the property should be attached and then alone the property can be sold. Mr. Ramaswami Aiyangar urges that even in a case of a money decree, it is not illegal to sell the property without attachment. But we are not concerned with the question whether such a sale without attachment is absolutely illegal and void, but whether there ought not to be an attachment before the property of the judgment-debtor is sold. There cannot possibly be any doubt about it. The property must first be attached and then alone it ought to be brought to sale. Whether a sale held without an attachment is absolutely void or not is not the question that arises here. The provision for both cases—cases of attachment and sale and cases of sale without an attachment—show that the latter portion provides for cases in which there need not be an attachment. That certainly includes decrees for sale of the property such as the one that we have in this case.

The next point urged is that the appellant was not a proper party and could not be a party to the proceedings under section 51 or under the other

sections of the Act. This is by no means clear. Section 51, clause (b), as already set out, includes a person who claims under a member. The object of the Act seems to be to provide not merely for proceeding against the member but also against a person who claims through him. This objection, it may be stated, was not taken before the Registrar. The appellant appeared in the proceedings, contested it and succeeded in reducing the sum claimed by the Society. It seems to me very doubtful whether the principle that submission to jurisdiction renders the decree binding on the party to submitting does not apply to this case. But I prefer to put it on a higher ground, namely, that section 51 empowers the joinder of such a person in a claim to recover the amount.

I shall now refer to a few of the decision on these points. Before Madras Act VI of 1932 was passed, the Co-operative Societies were governed by the Imperial Act II of 1912, the Co-operative Societies Act. The relevant portion of section 48, clause (2) (1) runs thus :

"The Provincial Government may make rules to carry out the purposes of this Act. In particular and without prejudice to the generality of the foregoing power, such rules may provide that any dispute touching the business of a society between members or past members of the society or person claiming through a member or past member or persons so claiming and the committee or any officer shall be referred to the Registrar for decision or, if he so directs, to arbitration, and prescribe the mode of appointing an arbitrator or arbitrators and the procedure to be followed in proceedings before the Registrar or such arbitrator or arbitrators, and the enforcement of the decision of the Registrar or the awards of the arbitrators."

Under this section the question arose whether a dispute regarding an amount due by a member to the Society came within section 48, clause 2 (1). In *Dacca Co-operative Industrial Union, Ltd., vs. Dacca Co-operative Samikha Silpa Samiti, Ltd.*,¹ it was held by Mitter and Biswas, JJ., that the principal business of a Co-operative Society being to finance its members, a dispute concerning the financial obligations of its members to the Society is a dispute concerning the business of the Society. This provision is in the Madras Act enacted in section 51. Reliance is placed on the wording of the explanation to section 51 which has already been set out and it is urged that the explanation shows that it is only :

"a claim by a registered society for any debt due to it from a member, past member or the nominee, heir, or legal representative of a deceased member whether such debt or demand be admitted or not"

which is a dispute touching the business of the Society within the meaning of the sub-section. The argument is that a claim by a registered society as against a person who claims through a member or past member is not within the explanation. As decided on the analogous wording in section 48, clause 2 (1) of the Imperial Act (II of 1912) even without the explanation, a debt due to the Society by a member or a person claiming through a member is a dispute touching the business of the registered society. In the body of section 51 of the Madras Act express provision is made that a dispute between a member, past member or person claiming through a member

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regarding a dispute should be referred to the Registrar. The explanation which is intended only to clear a doubt cannot operate to control the operative portion of the section. I hold therefore that the dispute between the appellant who was a person claiming through a member and the Society comes within section 51, clause (b). This also disposes of the question that the Registrar or the arbitrator has no power to proceed against a person who is not a member. Section 51, clause (b) when using the expression "or persons claiming through a member, past member" does not obviously restrict the operation of that phrase to a case of a member who claims through another member. If he is himself a member he comes under the first provision of section 51 (b). The expression "person claiming through a member or past member" must obviously refer to a person who is not himself a member. The argument that the second defendant was not a proper party to the proceedings under section 51 must therefore be rejected. Mr. Ramaswami Aiyangar referred me to *Tay Gyi vs. Maung Yan*¹, in support of his contention that a decree for the sale of the property cannot be passed by the arbitrators. The decision relief on is that of a single judge. There is no doubt a statement that—

"It should not be necessary to point out that a co-operative arbitrator has no power to pass mortgage decrees."

In a later decision of the same Court in *Yatha Co-operative Society vs. Maung Po Mya*,² Mosley, J., had to deal with a case where an arbitrator gave an award to the effect that the debtors were to pay a certain sum within three days failing which the mortgaged property was to be sold and the sale proceeds applied towards the debt. The award under rule 15, clause (4) of the Burma Co-operative Societies Rules, 1931, was transmitted to the Civil Court for execution. There is a similar provision in the Madras Act that the decision or order of the Registrar or the award of the arbitrator may be enforced either by Civil Courts on its being transferred to that Court or by the Registrar himself or by a person subordinate to him and empowered by the Registrar in that behalf. In the Rangoon case an application was made to the Civil Court for execution. A money decree had been obtained against the same debtors in the Civil Court and the property had been sold in execution of that decree and purchased by the decree-holder himself. The Society applied that they should be allowed to bring the property to sale in execution of the award. That was refused by the executing Court. On appeal the subordinate Judge held following the earlier decision in *Tay Gyi vs. Maung Yan*¹ that the arbitrators had no power to pass mortgage decree. The matter was taken to the High Court. Mosley, J., referring to the above decision, said this :

"This judgment was misconstrued, the emphasis was on the word 'decree.' What was meant was that the arbitrator could only pass an award, but that award can be executed as if it were a decree. It is not an order which cannot legally be passed and of which execution should be refused, as in the case quoted *Maung Ba Lat vs. Liquidator, Kem-*

JUDGMENT

*mendin's Thathanahitha Co-operative Society*³ I see no difficulty in the position created. The order to be executed as if it were a mortgage decree does not bind other persons claiming to have a mortgage of the same property any more than a mortgage decree of the Court would bind them, but the order is conclusive and binding on the property until it is attacked by way of a regular suit. A stranger to the proceedings by the society cannot dispute the order in execution but must do so by way of a suit. If he sues he can attack the order on exactly the same grounds as if it were a mortgage decree by a Court, that is to say, on the grounds of fraud or collusion, or that the mortgage was not properly registered and so on."

I agree with the later decision of Mosley, J., that a decree for sale of the property or what we call a mortgage decree can be passed by the arbitrator under the Act. The Appellant having been properly made a party cannot attack it either in the execution department or by way of a regular suit. It is only a stranger who was not a party that can file a separate suit and even then the decree can be attacked only on grounds of fraud or collusion or the like.

The next point urged is that under the bye-laws of the respondent-society execution could be had only through a Civil Court. These bye-laws were admittedly framed at a time when execution through the department was not provided as one of the modes of executing the award of an arbitrator or the decision of the Registrar. After the Madras Act (VI of 1932) was passed, this bye-law has not been altered and has been allowed to stand as it was. The argument advanced by Mr. Ramaswami Aiyangar is that the execution contrary to the bye-law is invalid. Madras Act VI of 1932 distinctly provides, as already pointed out, for execution by the department itself, i.e., by the Registrar or by a person subordinate to him and empowered by the Registrar in that behalf. The rules also provide for such execution by the Registrar or by a subordinate. If there is a conflict between a provision contained in the Act itself or in the rules and a bye-law, it is undisputed that the bye-law cannot prevail. It is urged that a bye-law can limit the powers granted by the Act or by the rules. I do not think there is any such limitation in this case. The bye-law was passed at a time when the law then in force did not provide for execution through the department. There is no express limitation in the bye-law relief upon that resort to execution through the department should not be had. I am, therefore, of opinion that the execution was properly conducted through the department and that this objection must also fail.

The second appeal fails and is dismissed with costs.

No leave.

A. A. A. O. No. 154 of 1944.—It is conceded that the decision in the present appeal governs this case. The Civil Miscellaneous Second Appeal is accordingly dismissed. No costs. No leave.

K.S.

Appeals dismissed.

1. I.L.R. (1938) 2 Cal. 103.
2. A.I.R. 1932 Rang. 81.
3. (1933) I.L.R. 18 Rang. 348
4. A.I.R. 1933 Rang. 81.
5. (1933) I.L.R. 11 Rang. 125.

CIRCULAR

Circular.

RC. 12284/45-A.

Dated, 12-4-46.

Sub:—Central Bank—Expansion of business with agricultural societies—Improvement—Suggestions—Reports called for.

Ref:—(1) Copy of Registrar's letter RC. 4885/45-A, dated 12-4-45 to the Deputy Registrar, Madura and Ramnad.

(2) Registrar's memo RC. 4885/45-A, dated 9-8-45.

In the first of the references cited, certain suggestions were made to the Deputy Registrars, in Madura and Ramnad to develop the loan transactions of the Madura Ramnad Co-operative Central Bank with agricultural societies and all the other Deputy Registrars and the Assistant Registrar, Chicacole were also requested to move their respective Central Banks in the matter. In the second reference a suggestion was made to the Deputy Registrars to arrange for the convening of a conference of all secretaries, Presidents and supervisors of the Unions affiliated to the Central Banks to discuss ways and means to improve the business of the Central Banks with affiliated rural societies.

2. In pursuance of the above instructions, the Deputy Registrars Madura, Ramnad and Cuddalore have arranged for such conferences and have drawn up programmes for the issue of loans, revival of bad societies and collection of long pending overdues, in the Madura and the South Arcot Central Banks. They have also submitted copies of the programmes so drawn up to the Registrar for his information. None of the other officers has so far reported the action taken in the matter. From a perusal of the half yearly inspection notes of the Central Bank for the half year ended 30-6-1945 it is noticed that there is a general fall in the transaction of all Central Banks with agricultural societies. Most of the Central Banks are not depending upon the business of non agricultural societies specially the stores societies. They have issued large sums to the wholesale stores in their districts and but for this large scale business with the stores societies many of the Central Banks would have found it difficult to utilise their surplus funds and maintain the establishment. With the termination of war it is likely that the Co-operative Wholesale Stores may not require as much funds as they have been in need hitherto. Sooner or later the control orders may be relaxed slowly and stores societies may not find it necessary to stock food grains and other essential goods on a large scale. This position may result in the curtailment of the present loan business of the Central Banks with those societies. The Central Banks will then have to face a fall in their transaction. It is, therefore, highly necessary that they should devote their special attention to the development of transactions with the agricultural societies. The Agriculturists have been having the benefit of the high prices for their produce during the past few years and a fall in the prices will greatly affect their economic position. Before such a fall in price, set in during the post war period the agriculturists should be advised to increase their source of income by effecting permanent improvements to their lands and additions to their cattle wealth etc. The Central Banks whose main object is to help the agriculturists are the proper agency to advise them on these matters. They should encourage the ryots and give them necessary credit for productive purposes. Intensive and sustained propaganda is necessary and the supervisors are best fitted for the purpose. Definite plans should be drawn up and followed by the field staff. Such programmes should provide for the following items of work

1. Issue of loans to all rural societies for the next 6 months. Target figures should be fixed for each union and in the absence of unions for each supervisor.
2. Revival of dormant societies.
3. Liquidation of definitely bad societies which are beyond rectification.
4. Development of the controlled credit scheme.
5. Collection of long pending overdues.
6. Organisation of new societies wherever necessary.

A list of bad societies which are dormant and others which have not borrowed for the past few years should be drawn and allotted to supervisors for revival and issue of loans within a specified period. This allotment must be done at the conference of secretaries, Presidents and supervisors. The Departmental staff consisting of Territorial Inspectors Administrative, Inspectors etc, should also attend such conferences and they should also be instructed to render necessary help to the supervising staff in the matter of revival of societies etc.

The Registrar is very anxious that the district Co-operative Central Banks should have no set back in the future. Unless the Deputy Registrars move actively in the matter and bestow special attention on the Central Banks the banks may in all probability have repaid fall in the business. The Registrar will be watching the progress of each Central Bank with regard to their business with the agricultural societies. All the Deputy Registrars and the Assistant Registrar, Chicacole are requested to take up the matter immediately with their respective central banks arrange for a conference on the lines indicated above, draw up programmes of work to be followed in the next 6 months i.e. up to 31-3-46. They should also submit copies of such programmes with a report indicating the procedure to be adopted by the banks for achieving good results.

All the Deputy Registrars and the Assistant Registrar, Chicacole except the Deputy Registrars, Madura and Cuddalore should submit their reports on or before 5-10-1946 without fail. The Special Deputy Registrar for Ramnad Bank should chalk out a programme for the Ramnad Bank and submit a report before his term of office expires.

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