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A BRIEF HISTORY
OF THE
CO-OPERATIVE MOVEMENT
IN THE
SURAT DISTRICT.

BY

P. T. Parikh, Esqr., B. Com.,
Additional General Manager, Surat District Co-operative Bank Ltd.,



FOREWARD

BY

Dewan Bahadur Prof. H. L. Kaji,
M. A., B. SC., F. S. S., F. R. S. A., J. P., I. E. S.,
Vice-President, All-India Co-operative Institutes' Association,

AND

A Souvenir of the
Silver Jubilee Celebrations of
The Surat District Co-operative Bank, Ltd.,
23rd December, 1934.



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SURAT DISTRICT CO-OPERATIVE BANK LTD.,



**Bank's own Building at Kanpith,
SURAT.**

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Dewan Bahadur Prof. HIRALAL L. KAJI,
M.A., B.Sc., F.S.S., F.R.S.A., I.E.S., J.P.,
Vice-President, All-India Co-operative Institutes' Association.

FOREWARD

It is with very great pleasure indeed that I respond to the invitation of the Surat District Central Co-operative Bank Ltd., to write a 'Foreword' to the excellent little monograph it is issuing, in commemoration of its Silver Jubilee celebrated towards the end of 1934, on the 'History of the Co-operative Movement in the Surat District.' Several years back, when I was Vice-President of the Provincial Co-operative Institute, Bombay, and Chairman of its Central Education Board, I undertook the editing of a volume on 'Co-operation in Bombay,' to which several friends contributed valuable monographs on different aspects, of the Co-operative Movement in the Presidency on which they possessed expert knowledge. During the editing of that volume, it occurred to me that it would be a distinct service to workers and the Movement itself, if smaller volumes could be published giving a brief historical review of the progress of Co-operation in the different districts of the Province. Later on, when I brought out my volume on 'Co-operation in India,' I similarly conceived the idea of smaller volumes on Co-operation in the different provinces on the lines of my 'Co-operation in Bombay.' It is, therefore, with no small pleasure that I find the Surat District Central Co-operative Bank Ltd., one of the most successful Co-operative Central Banks in Western India, taking up, under the stimulus and guidance of its Chairman, Dewan Bahadur Chunilal Maneklal Gandhi, the idea of the publication of a District Volume on Co-operation, and producing a very readable account of the genesis, growth and ramifications of the Co-operative Movement in the District of Surat.

The volume divides the subject into five parts to each of which a separate chapter has been devoted, and the division quite well reflects the order in which advance along various paths in Co-operation has been achieved. The land-marks in the evolution of the Co-operative Movement in India have been, the formation of Agricultural Credit Societies, the establishment of Central Financing Agencies, the development of Credit Co-operation in Urban Areas, the extension of Co-operation to the Sale of agricultural produce and other non-credit needs of the population and the Organisation of Agencies for supervision, education and propaganda. The order of progress has been much the same in this particular District too. Recently with the formation of Land-Mortgage Banks in the districts, Co-operation has entered on a new phase of its history and though Surat lags behind none in this respect also, there is no historical review possible, when the institutions are almost just starting.

Surat confirms the experience gained by others elsewhere. No great institution or cause can achieve any very high treasure of success unless it attracts a band of workers who identify themselves closely with it, and who devote their energies and direct their abilities to that end. The history of Co-operation has been thus made by a few men and the band of workers they collected round them. The Central figure here has been the veteran Chairman of the Central Financing Agency of the District—the Surat District Co-operative Bank—Dewan Bahadur Chunilal Maneklal Gandhi. An eminent Advocate, a shining light of the Surat Bar, an eminent Educationist has devoted the best part of his life in providing his District with a string of valuable educational institutions—schools and colleges, he has found time to be and remain a staunch and zealous Co-operator directing the destinies of Co-operation in Surat, with a rare zeal and ability all his own. The Urban Co-operative Movement in the District centres round the personality of Rao Saheb Vandravan C. Jadav. A banker by profession and training, he has been chiefly responsible for the success of the People's Co-operative Bank in the City. So much do these two dominate the Co-operative World in Surat that the institutions they control and direct are known to the people as 'Gandhi's Bank' and 'Jadav's Bank.' The non-credit activities in the District are based largely on the success of the Sonsek Cotton-Sale Society which gave an impetus to the formation of many more sale societies, and their federation as also to societies for further processing work—ginning and pressing. Here no great city-figure dominates the scene; it is the rural population which has produced the leader in Mr. Purushottam Patel. It is this trio which is responsible for the success and progress of the Co-operative Movement in the Surat District. Of course, it would be unfair if we did not realise that quite a good number of people high and low, have been rendering distinguished service, without which indeed no amount of effort on the part of any single worker could achieve success.

Turning now from the men that matter to the matter itself, while it is satisfactory that the number of agricultural co-operative credit societies has risen to about 150 with the membership standing at about 7½ thousand and the working capital at a little over ten lakhs of rupees, it must be noted that the progress as regards the number of societies and membership has been practically arrested from 1925-26. The Co-operative Credit Movement has since then entered on a period of consolidation and rectification, so that the working capital is now composed of about 4½ lakhs as members' deposits, the reserve fund and the share capital. The average indebtedness of a member to his society has been for the last few years about Rs. 125/-, which is surely not very high if the loans were utilised productively; and yet it is a

to find that the percentage of overdue loans has been mounting steadily high and now stands in 1933-34 at the alarming figure of 50.6. You may try to explain this away by easy finance, unsuccessful debt-redemption schemes, failure of crops by frost, and otherwise, and you may take shelter under the shadow of the great world-wide economic depression which undoubtedly lowered agricultural prices considerably and hit the rural population very hard. There were no overdues till 1913-14. Thereafter overdues made their appearance and fluctuated till 1925-26 when they stood at 5.1%. The steady mounting up of the percentage since then takes away considerably from the creditworthiness of explanations which vary widely in their range but persist in their being necessary every year. To my mind, in this District as in all other areas, the illiteracy of the population and the absence of a great morality standing behind the Movement are the basic factors which are shaking its foundations to-day; for the passage of time and the cataclysmic metamorphosis of the last quarter of a century have hardened and increased the recalcitrancy of the borrower, who while borrowing plans default, and while defaulting plans further borrowing. Mere strictness of supervision and the appointment of Special Recovery Officers, while these might mitigate the symptoms and allay the pains, cannot be the cures of the canker that saps the vitals of the Rural Credit Movement. Real Rural Reconstruction broad-based upon literacy and adult-education seems to be the only effective lever that would open the gates to success of Rural Co-operative Banking. It is yet too early to judge whether long-term finance for debt-redemption through Land-Mortgage Banks will prove to be the effective solution of the problem; but one may be permitted to hope that this experiment will tend to ease the situation at any rate, so as to give scope to long-term factors to operate towards the betterment of the economic condition of the agricultural population.

The evolution of the District Central Bank from an Urban Union in 1909 to its present position makes very good reading indeed in Chapter II. The Bank occupies the premier position in the District in Co-operative Finance as also in its being the centre of all co-operative planning, push and propaganda; but it must also be realised that, as it is permitted to lend to individuals too, though under restrictions, it has carved out an important place for itself in the City of Surat, as also in the various taluka head-quarter towns where its Branches are doing good work. It holds its own in the City despite the competition of large joint-stock Bombay Banks, which have recently opened branches in the City and of a large number of Shroffs, who still carry on an active and large business. The large deposits it attracts from the public even at rates distinctly lower than those offered by other banks, the large reserve fund and the very satisfactory rates of dividends declared on the share-capital, are evidences of very successful management due to a succession of able

chairmen supported by an adequate and well-trained staff. A great future lies before the Bank; for on it depend the expansion, extension and efflorescence of the Co-operative Movement in the District of Surat.

The Urban Credit Movement had a very late beginning in this District, the first society being registered in 1921. Others soon followed suit and the number to-day stands at 24 with a membership of about $4\frac{1}{2}$ thousand and a working capital of about 30 lakhs of which more than 14 lakhs were members' deposits and $18\frac{1}{2}$ lakhs were owned capital. It is not quite fair to compare the urban and rural movements in as much as the basic factors that spell success materially differ in the two areas; but the small percentage of overdues must be regarded as a very hopeful sign indeed. The most important of the Urban Banks is the Surat Peoples' Co-operative Bank—'Jadav's Bank'—established in April 1922. This Bank has achieved conspicuous success largely due to the business ability of its Managing Director Rao Saheb V. C. Jadav, and is regarded to be a model Peoples' Bank throughout the Presidency of Bombay. Its success has stimulated the starting of 3 other banks in taluka-towns and of a Supervising Union of Peoples' Banks in Gujarat, and has created aspirations of having a Peoples' Bank at other taluka-towns and important trading centres and of having Co-operative Investment Trusts for the Presidency and for its natural divisions.

Non-credit Co-operation has also a tale of success to unfold in this District. Cotton-Sale Societies stand prominent among these and by their success have taught the farmer to overcome to some extent his inferiority complex and to be self-confident in matters of marketing his produce. Better business habits have been acquired; lessons in the school of success have been imbibed; and the Surat Agriculturist forms to-day excellent material for a large-scale extension of Co-operative Marketing of agricultural produce and also of processing work in connection with the chief crops. Marketing engages the attention of the Central and Provincial Governments more than it ever did before and one likes to hope that with the ground already prepared by the Cotton-Sale Societies and their developments, the marketing drive will bear better fruit in this District, which by increasing the earning capacity will react on the repaying capacity and will substantially help in the reduction of overdues in agricultural Credit Societies and the restoration of these to sound and healthy condition.

The need for Co-operative education and training, for effective supervision over societies, for organisation of more and new societies and for carrying on propanganda has led to the rise of the Provincial Co-operative Institute at Bombay which has opened Branches in the different district towns

to carry on the work in all these directions. The Surat District Co-operative Institute has been doing fairly good work. But the uncertainty about the responsibility for supervision and education has cast a damper over the Institute's activities for some time past. The Registrar thinks that these are his legitimate functions included in the work of administration which undoubtedly is his province. The Central Financing Agencies confound their creditors' inspection with the gentle and friendly supervision from within. The Co-operative Institute claims to be a federation and a union and poses to be the Friend, Philosopher and Guide of its constituent societies. The amorphous situation is still clouded over by fog and the Institute seems to be playing rather a weak role at present. When the air clears, I have no doubt that it will develop into a strong limb of the Body Co-operative and function effectively so as to ensure the healthy growth and progress of the Co-operative Movement.

This history of the effort that has been put forward in this District should inspire us with renewed hope in the Co-operative Movement, which still remains, in spite of all its deficiencies, a noble conception and the best hope of Rural India.

BOMBAY, }
1st August, 1936. }

H. L. KAJI



PREFACE.

When the idea of celebrating the Silver Jubilee of the Surat District Co-operative Bank Ltd., first arose in the year 1933, there arose simultaneously also questions as to how the memory of such an auspicious occasion should be preserved. Different people suggested different ideas as to how to erect a permanent memorial of the occasion. To know oneself is perhaps the best, though a difficult achievement to secure, and it appeared to me that that was the most desirable thing to do. I put forward my own view that the most profitable, the most useful and the most lasting memorial would be to publish a history of the period dealing with what Co-operators did during the last 25 years, the matters in which they obtained success and the matters in which they failed, and my colleagues in the Co-operative Movement welcomed the idea unanimously. As a consequence of that the History of the Co-operative Movement in the Surat District for the last 25 years is now being published.

The history was divided in three parts, and the work of writing it was given to three co-operative friends. It was then hoped that the history would be ready before the date of the celebration of the Silver Jubilee, and that it would be distributed amongst Co-operators as a memorial of the date of the Silver Jubilee celebrations. Owing to circumstances beyond control, it was not possible to do so. According to our old experience, the work of writing the history fell on the shoulders of one man, and no man is more sorry than myself for the fact that this history could not be published earlier than now for more reasons than one.

The credit of the achievement of this object does mostly go to Mr. Poptlal Parikh, the Additional General Manager of the Bank. It is he who has collected all the materials and put them in proper shape. The readers of this book and persons interested in the Co-operative Movement both men and women are grateful to him for it. In war all the worries and trouble are borne by the soldiers, but the credit of the victory goes to the General. I am not entitled to any credit greater than that of a General in this venture.

I hope persons who have been in the Co-operative Movement and who will join later on will learn much from this small book. I have no doubt that all of them will read this book with great interest. It is true that the benefits which the early workers in the Co-operative Movement had expected to get thereby, have not been fully realised, but there is no exaggeration in saying that the Co-operative Movement has been to a large extent successful, bearing in mind how difficult is the work of propaganda amongst people 92% of whom are ignorant and illiterate and are conservative by custom. In a District where 67% of the holdings are smaller than 5 acres, it is idle to hope that agriculturists will be freed from indebtedness only because they get financial aid at smaller rates of interest.



Dewan Bahadur CHUNILAL MANEKLAL GANDHI,
B.A., LL.B., Advocate (O.S.),
*A Promoter and Director of the Bank from 1909 to 1934 and its
Third Chairman from 1917 to 1934.*

I see nothing wicked or sinful if drastic measures are adopted in removing their appalling indebtedness. We may readily accept that a creditor should be able to recover his proper dues, but if after the amount of his just dues is ascertained and if that sum is found too large for that man to pay even after 20 annual instalments, is it not more just to ask the creditor to be satisfied with what he gets at the end of that period than asking the agriculturist to take at once the benefit of the insolvency law; but it is not enough to relieve the agriculturist from his indebtedness once, either by one or the other of the two methods. He is sure to land himself again into indebtedness, so long as the present economic structure continues. The only way to keep him above debt is to enlarge his holding, and to secure for him facilities for either joint-cultivation by co-operative methods or by enlarging his holdings. It is also necessary to establish all manner of Co-operative Societies in order that he can obtain good seed at less cost, and obtain valuable and more crops by sowing that seed. Co-operative Societies should also be formed for co-operative and more profitable sale of all the principal crops of the District.

A perusal of Chapter IV of this small book will show what substantial profits the agriculturists of the District have made by the formation of co-operative cotton and cotton-seed sale societies. The success of the Co-operative Cotton Sale Societies has infused a new life in the agriculturist. The mentality which at one time oppressed him viz., that an agriculturist can only cultivate lands, has now disappeared. That is not a small gain.

History is Philosophy teaching by experience. It enables one to give a lead for the present by past experience, and forecast what is to be done in the future. If you will examine the history of rural Credit Societies which have been self-reliant and have done their work well, you will find that the managers thereof were men actuated with a spirit of sacrifice and service. If you will examine the history of societies which went wrong and had eventually to be cancelled, you will find that the managers thereof were selfish, dishonest men who had entered the societies only for their private ends and for showing partiality to their friends and relatives. If, therefore, you desire to conduct societies well, it is your duty to place them in the hands of good managers. Should there be difficulty in getting good workers, then such societies should be placed under the superintendence of a Supervising Union which will keep a watch over them and keep them on the right path. But that is not all. There should be a continuous propaganda for teaching the principles of Co-operation to all who have joined the movement, and in order that those principles may be acted upon, there must be supervision and superintendence from above. If this little book succeeds in impressing upon my readers this lesson, I shall consider this little endeavour of mine successful.

M. B. Baleshwar,
25th May, 1936.

C. M. GANDHI,

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