

PROCEEDINGS

OF THE

**BOMBAY PROVINCIAL CO-OPERATIVE
CONFERENCE**

1917

**BOMBAY
PRINTED AT THE GOVERNMENT CENTRAL PRESS
1918
[*Gratis.*]**

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BOMBAY PROVINCIAL CO-OPERATIVE
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HELD IN POONA



September 18th and 19th, 1917

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AGENDA.

1. Opening Address ... His Excellency the Governor of Bombay.
2. Summary of Results of preceding Conference. The Registrar, Co-operative Societies, Bombay.
3. The Foundations of Co-operative Finance. The Honourable Mr. Lalubhai Samaldas, C.I.E., Director, Bombay Central Co-operative Bank.
4. Co-operative Societies and District Officers. B. A. Brendon, Esq., I. C. S., Collector of Satara.
5. The Co-operative Movement and Local Self-Government. G. K. Devdhar, Esq., M.A., Servants of India Society.
6. The Moral Basis of Co-operation .. M. K. Gandhi, Esq., of South Africa.
7. Scheme for the Secretaries' Training Class. N. M. Joshi, Esq., Servants of India Society.
8. Co-operation in Co-operation with Native States. B. V. Jadhav, Esq., M.A., LL.B., Chief Revenue Officer, Kolhapur State.
9. Social and Educational Activities of Co-operative Societies. Rao Bahadur S. S. Talmaki, Chairman, Shamrao Vithal Co-operative Credit Society.
10. Co-operative Stores ... Professor V. G. Kale, Fergusson College.
11. Co-operative Societies for Factory Workers. H. V. Rajwadkar, Esq., of the Lad Vanjari Co-operative Credit Society.
12. Supervising Committees ... N. C. Kelkar of the Cosmos Co-operative Credit Society, Poona (Editor of the Kesari).
13. Co-operative Organization of the milk supply of Cities from outside villages. Dr. H. H. Mann, Principal, Agricultural College.
14. Co-operative Societies and Education... Sir Vithaldas Thakersey, Knight, Director, Bombay Central Co-operative Bank.
15. The Control and supervision of borrowers and sureties in Urban Societies. F. J. Clark, Esq., Secretary, G. I. P. Railway Employees' C. C. Society.
16. Suggestions about a few by-laws ... R. M. Sane, Esq., Honorary Organizer, Co-operative Societies, Barsi.
17. Spheres of Central Banks and the Departmental Staff. C. M. Gandhi, B.A., LL.B., Esq., Chairman, Surat District Co-operative Union.
18. Co-operative Societies and Village Industries. N. S. Lokur, Esq.; Chairman, Belgaum Pioneer Co-operative Society.
19. Co-operative Housing Societies: why and how they should be encouraged. F. A. C. Rebello, Esq., Deputy Accountant-General, Bombay.
20. The constitution of an Urban Society... V. N. Jog, Esq., Chairman, Southern Maratha Urban Co-operative Credit Society.
21. The ideal of a Dutiful Honorary Organizer. Rao Saheb G. R. Masur, Honorary Organizer, Kanara.

**REPORT OF THE PROCEEDINGS OF THE SEVENTH PROVINCIAL CO-OPERATIVE
CONFERENCE HELD AT POONA ON SEPTEMBER 18th AND 19th, 1917.**

The Conference met at 11-0 a. m. on Tuesday, September 18th, in the Council Hall, Poona.

Present :

His Excellency the Right Honourable Freeman Freeman-Thomas Baron Willingdon of Rotton, G.C.I.E., Governor of Bombay (presiding).
The Honourable Sir M. B. Chaulal, K.C.I.E., C.S.I., B.A., LL.B., Member of Council.
The Honourable Mr. G. Carmichael, C.S.I., I. C. S., Member of Council.
The Honourable Mr. G. S. Curtis, C.S.I., I. C. S., Member of Council.

F. G. H. Anderson, Esq., I. C. S., Settlement Commissioner and Director of Land Records, Poona.
K. B. Ankalgi, Esq., Honorary Organizer, Co-operative Societies, Dharwar.
P. Anstey, Esq., Principal, Sydenham College, Bombay.
R. K. Apte, Esq., Agricultural Organizer, Poona.
M. G. Athalye, Esq., District Agricultural Overseer, Nasik.
P. H. Banatvala, Esq., Honorary Organizer, Co-operative Societies, Jambusar.
G. G. Bandiwadekar, Esq., Auditor, Co-operative Societies, C. D.
J. P. Bangale, Esq., Namdev C. C. S., Poona.
K. G. Bagde, Esq., B.A., LL.B., Pleader, Poona.
D. J. Bajina, Esq., Office of the Registrar, Co-operative Societies, Bombay, Poona.
S. M. Bharucha, Esq., Collector of Thana.
R. P. Bengeri, Esq., Retired Deputy Collector, Hubli.
L. K. Bhagvat, Esq., Secretary, Cosmos Co-operative Society, Poona.
K. B. Bhadrapur, Esq., M.A., Assistant Registrar, Co-operative Societies, S. D., Dharwar.
Sardar P. K. Biwalkar, Veshwi Co-operative Dairy, Alibag.
Syed Abdul Brelvi, Esq., M.B., LL.B., Lallubhai Samaldas Co-operative Society, Bombay.
B. A. Brendon, Esq., I. C. S., Collector of Satara.
C. S. Campbell, Esq., I. C. S., Special Recruiting Officer, Poona.
Chimanlal Harderam, Esq., Secretary, Agricultural and Industrial Association, Broach.
W. G. Chirmule, Esq., Honorary Organizer, Co-operative Societies, Satara.
Rao Saheb N. S. Chitguppi, Mill-Hands Co-operative Credit Society, Hubli.
Rao Bahadur G. K. Chitale, Honorary Organizer, Ahmednagar.
F. J. Clark, Esq., Secretary, G. I. P. Railway Employees' Co-operative Society, Bombay.
D. K. Dalal, Esq., Pratap Mill-hands Co-operative Society, Amalner.
Rao Bahadur Ichharam B. Dalal, Retired Deputy Collector, Poona.
Rao Bahadur A. G. Dandekar, C.I.E., Co-operative Manure Purchase Society, Palghar.
G. S. Dandavate, Esq., M.A., Assistant Auditor, Co-operative Societies, Nagar.
Shrimant Appasaheb Bahadur Desai, Honorary Organizer, Agadi.
B. N. Desai, Esq., Sub-Auditor, Co-operative Societies, Broach.
D. P. Desai, Esq., Honorary Organizer, Co-operative Societies, Thasra.
D. N. Desai, Esq., Chairman, Broach Dairy Society.
D. R. Desai, Esq., Honorary Organizer, Co-operative Societies, Bulsar.
G. V. Desai, Esq., Honorary Organizer, Co-operative Societies, Nadiad.
Rao Bahadur G. H. Desai, Sar Subha, Baroda.
Rao Saheb G. H. Desai, B.A., Auditor, Co-operative Societies, Broach.

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- Abdul Razak Abdul Gani Deshmukh, Pachora Cotton Sale Co-operative Society.
- Rao Saheb S. J. Deshmukh, Honorary Organizer, Almel.
- V. D. Deshmukh, Esq., Honorary Organizer, Edlabad.
- R. B. Deshpande, Esq., Spécial Mamlatdar, Co-operative Societies, Baramati.
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- Y. L. Dhekne, Esq., District Deputy Collector, Thana.
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- Rev. Edward W. Felt, Vadala.
- C. G. Freke, Esq., I. C. S., Assistant Collector, Poona.
- M. K. Gandhy, Esq., Bar.-at-Law, Ahmedabad.
- R. D. Garud, Esq., Honorary Organizer, Co-operative Societies, Dhulia.
- The Honourable Mr. S. D. Garud, Honorary Organizer, Co-operative Societies, Dhulia.
- S. C. Ghodhi, Esq., Secretary, Karnatak Central Bank, Dharwar.
- Shrimant Narayanrao Govind *alias* Babasaheb Ghorpade, Chief of Ichalkaranji.
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- G. N. Haksar, Esq., B.A., Assistant Registrar, C. S., Gwalior State.
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- Harjivan Raychand, Esq., Honorary Organizer, Amod.
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 Rao Saheb M. L. Kulkarni, Deputy Director of Agriculture, Dharwar.
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 S. R. Kulkarni, Esq., Chairman, Madha Co-operative Society.
 V. B. Kulkarni, Esq., Chairman, Kalol Co-operative Society.
 V. B. Kulkarni, Esq., Honorary Organizer, Koliwad.
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 V. S. Kulkarni, Esq., Secretary, Gadag-Betigeri Urban Society.
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 V. M. Navale, Esq., Poona.
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 M. S. Parekh, Esq., Honorary Magistrate, Nadiad.
 P. N. Pataskar, Esq., Chairman, Namdeo Cloth Store, Poona.
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 P. I. Patel, Esq., Honorary Organizer, Sonsek.
 Basangowda Patil, Esq., Naregol Co-operative Society.
 L. G. Patil, Esq., Chairman, Hulkoti Union.
 P. C. Patil, Esq., Deputy Director of Agriculture, Poona.
 P. M. Patil, Esq., Murgod.
 R. K. Patil, Esq., Assistant Honorary Organizer, Kari.
 R. W. Patvardhan, Esq., B.A., Special Mamlatdar, Co-operative Societies, C. D., Poona.
 Rao Saheb V. A. Patvardhan, Vastra Bhandar Co-operative Society, Poona.
 Rao Saheb T. J. Pitre, Honorary Organizer, Sholapur.
 L. S. Potnis, Esq., B.A., Mamlatdar, Jalgaon.
 R. N. Rajadnya, Esq., Honorary Organizer, Aitavde-Khurd.
 H. V. Rajvadkar, Esq., Chairman, Lower Colaba Society.
 K. G. Ranade, Esq., Cosmos Co-operative Society, Poona.
 Dr. B. V. Rayakar, L.H.M. & S., Bombay.
 F. A. C. Rebello, Esq., Deputy Accountant-General, Bombay.
 Rev. Canon Rivington, Gadag-Betigeri Co-operative Credit Society.
 Rev. A. Robertson, Poona.
 Rao Bahadur S. K. Rodda, Honorary Organizer, Dharwar.
 Rao Saheb Rupchand, Director, East Khandesh Central Bank, Jalgaon.
 B. G. Sabnis, Esq., Chairman, Parasgad Guaranteeing Union.
 B. R. Samel, Esq., Sub-Auditor, Co-operative Societies, Poona.
 R. M. Sane, Esq., Honorary Organizer, Barsi.
 R. N. Sane, Esq., Veterinary Inspector, Nasik.
 V. K. Sanjanvala, Esq., Honorary Organizer, Umbergaon.
 Rao Bahadur H. V. Sathe, Honorary Organizer, Shirdi.
 N. R. Sathe, Esq., Head Clerk to the Assistant Registrar, Poona.
 C. N. Seddon, Esq., I. C. S., Commissioner, C. D., Poona.
 K. D. Sethna, Esq., Special Auditor, Co-operative Societies, Bombay.
 C. G. Shah, Esq., Surat District Union.
 C. K. Shah, Esq., Honorary Organizer, Kaira.
 M. M. Shah, Esq., Special Mamlatdar, Co-operative Societies, Broach.
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 M. A. Shetti, Esq., L.Ag., Agricultural Organizer, Dharwar.
 B. N. Shinde, Esq., Inspector, Co-operative Societies, Poona.
 C. S. Shirhatti, Esq., Honorary Secretary, Hubli.
 F. L. Silva, Esq., Secretary, Bombay Catholic Housing Society.
 L. V. Tikekar, Esq., Merchant and Commission Agent, Sholapur.
 Rao Bahadur S. S. Talmaki, Shamrao Vithal Society, Bombay.
 K. V. Tamhankar, Esq., Agricultural Inspector, Ichalkaranji.
 D. N. Tantri, Esq., Office of the Registrar, C. S., Poona.
 M. R. Tarkunde, Esq., Honorary Organizer, Sasvad.
 B. P. Tavari, Esq., Inspector, Co-operative Societies, Dharwar.
 S. V. Telang, Esq., Weaving Expert Assistant, Poona.
 Rao Saheb V. M. Tendulkar, Honorary Organizer, Kolaba.
 D. S. Unde, Esq., Chairman, Pandhara Union.

- M. R. Uplekar, Esq., Co-operative Jaggery Shop Manager, Baramati.
 G. R. Vaidya, Esq., Manager, Thana Dairy Society.
 K. R. Valvekar, Esq., Chairman, Hubli Urban Co-operative Society.
 M. O. Vakil, Esq., Honorary Organizer, Surat.
 Sardar R. K. Vinchurkar, Vinchur Co-operative Society.
 P. K. Wadeyar, Esq.
 S. K. Wadeyar, Esq., L.Ag., Mamlatdar on Special Duty, Bijapur.
 A. S. Wagh, Esq., Chairman, Social Service League Society, Bombay.
 S. V. Wagh, Esq., Weaving Expert Assistant, Belgaum.
 Lieut.-Colonel G. K. Walker, C.I.E., F.R.C.V.S., Superintendent, C. V. D., Poona.
 A. S. A. Westropp, Esq., I. C. S., Collector of Poona.
 G. Wiles, Esq., I. C. S., Assistant Collector, Poona.

PROCEEDINGS.

I. Opening Address by His Excellency the Governor.

Lord Willingdon in opening the proceedings said:—"Gentlemen, permit me in the first place to express the great gratification which I feel in being afforded this opportunity of presiding at this important gathering of members of the Bombay Provincial Co-operative Conference. It had been my intention to do so in 1914, but that intention was unhappily frustrated by the outbreak of the war. The war still rages and continues to exact a terrible toll in blood and money from all the combatants, but when we survey its tremendous vicissitudes during the last three years, I think, we in India must recognise with heartfelt gratitude the infinite debt which we owe to the naval and military forces of the Empire and the Allies whose sacrifices and valour have enabled us to continue here the works of peace with comparatively so little disturbance. Among these great works of peace I reckon the co-operative credit movement, and I welcome this opportunity of again coming into personal contact with a movement which has already done much and which I am convinced holds immense potentialities for the benefit of India.

I am sure that you will agree with me that the decision to hold the conference this year in spite of the war was a wise one. In all movements in which large numbers of persons are concerned, working indeed on similar principles and to a common end, but necessarily under a great diversity of conditions, some opportunity for the interchange of views and the communication of experiences is not only desirable but necessary, and it is, I think, especially consonant with the spirit of co-operation, the fundamental idea of which is mutual aid and counsel, that such gatherings should be encouraged. They bring the co-operative staff and leading co-operators together. They dissipate or prevent misunderstanding. They make co-operators from all parts of the Presidency acquainted with each other, and help them to realise the unity and magnitude of their common cause. They promote a salutary emulation between different districts and societies and finally,—and this is a ground to which I attach special importance,—they enable the Governor and his Government to obtain a direct and immediate acquaintance with all those gentlemen throughout the Presidency who are actively engaged in promoting the co-operative movement and to learn at first hand of the chief necessities and requirements for its development.

Since the Conference last met there has been, I am gratified to observe, rapid progress in all directions. The total number of societies has increased by 50 per cent. and the number of members and the amount of working capital in almost an exactly equal proportion. In Sind, where the local conditions are not as yet entirely favourable to a rapid rate of expansion, there has nevertheless been progress, and a stage has been reached at which my Government has deemed it expedient to place co-operative work in that Province under the charge of the Registrar and to appoint a special Assistant Registrar.

Such rapid and comprehensive development necessarily entails the occurrence of new problems demanding consideration and solution. Among the most pressing are those which have arisen in connection with supervision and audit. Now in these respects, as it appears to me, we have to provide against two divergent and equally undesirable tendencies. If these two important functions were performed entirely by an official agency, the obvious consequence would be that the whole movement would tend to crystallize into a Government Department. But co-operation can only flourish in an atmosphere of self-reliance, of private initiative and of personal endeavour. The motive power must be produced from within and no external machinery can replace it. These elements must be preserved intact. On the other hand, credit is a vital matter and the failure of any co-operative society whether from slackness, ignorance, imprudence or dishonesty among any of its members, cannot be regarded as an isolated misfortune. It must prove detrimental in a greater or lesser degree to the interests of all other societies which have any point of contact with the defaulter and to the good repute of the cause of co-operation itself. Now even honesty and solvency are not in themselves sufficient to establish credit.

There must be a tangible and concurrent guarantee and this must be provided in some form or other by a supervision and audit through an agency recognised at once as trustworthy and responsible in itself, and as my first proposition would indicate to be necessary, having an organic relation with the co-operative idea. To you these considerations must be obvious and familiar, and I recapitulate them merely to indicate that I have some appreciation of and much sympathy with the problems that confront you. I am interested to learn that one of the directions in which you are seeking for a solution of the problem of supervision is in the adoption of the Burma method of guaranteeing Unions. It seems to me an experiment full of promise. It fulfils many of the conditions which I have noted as essential to success and I shall watch its progress with great interest and goodwill.

The allied and equally important question of audit is at present the subject of a reference to the Government of India whose orders have not yet been received, and you will consequently not expect from me any definite pronouncement at this stage. I can only say that Government recognise that the interests of co-operation are also interests of the administration and that the matter will receive very sympathetic treatment. In particular we appreciate that the cost of a public audit will react on the rates of interest, which the societies are in a position to offer and demand, and I can assure you that whatever measures are adopted they will not be adopted precipitately or without due attention to the consequences which they will entail.

I have dealt hitherto with the co-operative movement generally, but there are two or three particular lines of development which I should like to mention specially. As you well know I am particularly interested in the formation of societies for the purchase and sale of agricultural stock and produce, and I am glad to notice that in the last four years substantial advance in this direction has been recorded. I appreciate the magnitude of the difficulties to be confronted by rural associations, which, having little practical business experience, are entering into markets already occupied by keen and competitive private enterprise, and this is especially the case under the present abnormal conditions which accentuate these difficulties. But I have great faith in the soundness of the principle. It has attained, as you know, remarkable success in Denmark and other western countries, and I venture to predict for it a great future in India and trust that in this Presidency it will show a steady and continuous advance.

Then there are two developments of non-agricultural co-operation—and in this direction I am glad to see that the Bombay Presidency occupies an advanced position—with which I am much in sympathy. The particular problem of village industries would perhaps be insoluble by any other means. Among mill-hands and others of the labouring classes, the formation of co-operative societies may achieve much in ameliorating the conditions of life and allaying industrial unrest. With the increasing political, economic and educational development of this country it is already apparent to many that problems of vast dimensions are above the horizon and I look to the co-operative principle to help us to anticipate them in future years. The second development to which I have alluded is that of co-operative housing, of which I have seen and heard a good deal, largely in company with Mr. Orr, and of which I hope to see a great deal more. I look upon it as one of the most beneficent functions which a co-operative society can undertake, and I cordially wish it every success.

I have already detained you too long, but before concluding, I should like to convey to you one impression which I formed at a recent visit to the excellent society at Hadapsar. I realized in a more practical manner than I had hitherto done, the potentialities of the co-operative movement in its moral aspect. The tones of conviction in which representatives of nearly every class in the miniature social organism of Hadapsar asserted the advantages that had personally experienced, no less than the statistics laid before me, as to the diminution in crime, immorality and I may add the improvement in the general social atmosphere, the evidence that the co-operative spirit was gradually drawing and allying to itself all the best elements in the

rural polity of the village, left a very deep impression on my mind. I have always attached great value to the principle of co-operation as a moral and civic discipline as well as an economic expedient. The fact that moral and economic regeneration cannot proceed far independently among great masses of men is a commonplace both to the administrator and to the sociologist. But it was profoundly interesting to trace the operation of these ideas in the everyday work and life of a small rustic community. I trust to see this spirit year by year extending its beneficent influence through the vast population of India and bringing to many millions of toiling men hope, content, self-respect and prosperity.

In conclusion, I should like to make some general acknowledgment of the services rendered to the cause of co-operation by all from your Registrar, Mr. Ewbank, to the humblest village worker. I desire especially to record my appreciation of the labours of the long and growing list of honorary organizers and of the directors of the Bombay Central Co-operative Bank, including my friends the Honourable Sir Fazulbhoj Currimbhoj and the Honourable Mr. Lallubhai Samaldas. I cannot mention in detail all who have rendered conspicuous service. I am not sure that it would be congenial to the spirit of the co-operative movement that I should attempt to do so. It is the best augury for its success that the task would be impossible.

II.—Report on the results of the last preceding Conference.

Mr. Ewbank said :—Your Excellency, after your Excellency's most sympathetic and encouraging speech, I am sure that this Conference will wish to get to business as quickly as possible. I will try therefore to say what I have to say as briefly as possible.

The last truly Provincial Conference was held in 1914, at which three important resolutions were passed. In accordance with one a Government subvention of Rs. 500 has been granted to the Bombay Debt Redemption Committee. In accordance with another nine dairies have been started and Government have recently authorized the Registrar to grant Government loans to them. The supply of agricultural implements has also been taken up in the manner suggested.

Shortly after this conference the Committee on Co-operation toured round India and published its Report. In light of its recommendations it was necessary to re-examine the whole system on which co-operation was organised in this Presidency and to decide what alterations ought to be introduced. A special conference of Honorary Organisers, Directors of Central Banks, and Departmental Staff was therefore convened in this hall in 1916, when the Committee's Report was taken into consideration and a great number of exceedingly important resolutions were passed. Practically all these resolutions have been put into effect. The constitution of the Provincial Bank has been liberalised in the manner indicated. District Central Banks are being slowly organised on the model approved. The use of pro-notes is being popularised. Guaranteeing Unions are being brought into existence and made the unit of co-operative administration. The powers recommended for auditors and liquidators have been embodied in the new draft Rules.

On that occasion all the proposals were put forward by the Department and unofficial co-operators were invited to criticize and suggest improvements. On this occasion exactly the opposite procedure has been adopted. You will see that no member of the Co-operative Department has contributed any paper to the Conference. We have come here solely to receive your suggestions and to learn other points of view than our own. In fact we are in the rather pleasant and unusual position for a Government Department of having to criticize your schemes instead of listening to your criticisms of ours.

Now, gentlemen, you may think this Conference too big and unwieldy to get through much business. That is my own view, and I fear that it may be difficult for us to complete our programme. But I want to remind you of this fact. Since the last Conference was held a great number of valuable and sincere workers have rallied to our standard. Many of them are working in isolated places and know little of other co-operative workers except the official

staff. What chance have they of getting to know their fellow workers and to feel that they are part of a great and living movement spreading over every district of the Presidency, unless they are gathered together on occasions like this and see for themselves what is happening? The value of this conference will I believe lie not so much in its proceedings, important as they will be, as in the informal conversations, the comparing of notes and the exchange of ideas, in the friendships that will be made and the inspiration that you will carry away for future work.

Next year, if Government permit it, it is proposed that the number of members of this conference should be limited to about 100 or 150 delegates, mainly elected by the chief co-operative institutions of the Presidency. The object of this change is not to restrict the opportunity of co-operators for expressing their opinions but to give them a chance of doing this efficiently. For there was never a time when advice, help, and criticism were more needed by the Department than now. The co-operative system is only half completed. We have fixed the type of our Raiffeisen village societies and Guaranteeing Unions. We have our Provincial Bank and our auditing staff. We are beginning to get our District Central Banks. But consider what remains to be done. There are innumerable delicate questions to be settled in the relations of Unions and Central Banks to each other, to the Provincial Bank and to the Primary Societies. There is the problem of primary audit and super-audit. We have our chief financial authority—the Provincial Bank, and our chief auditing and controlling authority—the Registrar; but where is our Federation to undertake propaganda and organisation, and to serve as our Parliament. Then again think for a moment of the innumerable problems that confront us in the field of agricultural organisation, in connection with dairies, cattle-breeding, sale of produce, purchase of implements and raw material, livestock insurance and so forth. Or turn to the urban population and think of the vast complexity of all the questions connected with co-operative housing, debt-redemption, organisation of mill-hands, co-operative grocery stores and the preservation of a dozen different handicrafts. How can you expect the Registrar and his one or two assistants to deal wisely and efficiently with such a vast range of subjects? On the contrary, gentlemen, the movement requires the best thought of all its best brains if it is to develop soundly and without accidents; and it is only by the constant thought and help of every co-operator that we shall be able to carry this movement to the height of its opportunities.

I have only one word to add about the procedure to be adopted to-day. It is proposed that all papers should be taken as read. The writer of each will make a brief speech summarising his argument and moving a resolution. The subject will then be open to debate and before the resolution is put to the vote, the writer will if he wishes have the right of reply. If His Excellency agrees, it is suggested that speeches other than those of the movers of resolutions should not exceed ten minutes without his special permission, and that no one should speak twice on a single paper.

III.—The Foundations of Co-operative Finance.

The Honourable Mr. Lalubhai Samaldas Mehta said:—Your Excellency and brother co-operators, as the first non-official co-operator who has been asked by your Excellency to address this gathering, may I, sir, on behalf of my brother co-operators, thank your Excellency personally and your Excellency's Government and, if I may mention it, the Honourable the Finance Member, for all the assistance that the co-operative movement has received till now and will also continue to receive up to the time that it has achieved a complete liquidation of the existing debts of the agriculturists.

I believe, sir, in your speech, you referred to the question of audit and supervision. That is one of the most important points. The paper that I have submitted to this conference, although not bearing directly on this subject, is intimately connected with it, because the foundation of co-operative finance will depend upon the regular supervision of the work done by the central and the provincial banks. The correct and accurate auditing not only of Central and Provincial banks but of the primary societies is necessary.

When the Committee on Co-operation discussed this question, they came to the conclusion that it was necessary, if the movement was to go on successfully, that the central banks and the provincial banks should be in a position to meet their liabilities when they fell due. Then there was the question of the primary societies. It was thought that the primary societies unless they were helped by the central banks might not be able to return deposits if called for when they fell due, and it was suggested by the Committee that these primary societies should have a sort of cash credit or current account with the central banks, so that in times of crisis, if people were to rush to the primary societies for current deposits, there would be no difficulty in meeting the demands, because they could draw on the central banks. But if that was to be done, it was necessary that the central banks should keep a large amount of money in liquid shape, so that in case of need they could finance the primary societies not only for the actual needs of the moment but for meeting their liabilities. Your Excellency has dwelt on the necessity of the central banks meeting their liabilities when they fall due, because, as your Excellency has so well put it, if one bank or one society fails in meeting its liability, all the depositors lose confidence in the movement and it spreads like wild fire. It is therefore absolutely necessary that the central banks and the primary societies also should be in a position to meet their liabilities when they fall due.

That raises the question as to how this money should be kept ready to enable these central banks to meet their own liabilities and to meet the liabilities of the primary societies. The question was discussed by the Committee on Co-operation. We found that the technical experts had no definite view to offer for guidance, and we had to fall back upon the experience of one province which had tried one system and which had the good fortune of being represented on the committee. Naturally when the committee saw that one Registrar had got a system and that he could lay out a definite policy which others were not in a position to offer, they followed his lead. I would like to refer to a personal matter. When I gave my opinion, it was considered as partly biased, because I was connected with the Central Bank in Bombay and they thought that I was not speaking in the interests of the whole movement, but in the interest of my own bank. This was the disadvantage under which I laboured and the two provinces—Bombay and Madras—who had no official representative on the committee, were likely to suffer most. Anyhow, the committee came to a decision that they should follow practically the lines laid down by the Burma Registrar that the central banks should provide fluid resources to meet deposits falling due during the next six months or half of the deposits falling due within a year.

This of course leads us to the point as to what margin should be kept to make the societies able to declare even a small dividend. Each of us who had some experience worked out figures by various formulæ, and we all agreed that the minimum margin that would be required to make the central banks work successfully and enable them to declare a small dividend was 6 per cent. between the borrowing rate of the Central Banks and lending rate of the primary societies. This is a complicated formula and I do not want to tire the conference with it, but if any member wants to know how it is done, I am prepared to show him that 6 per cent. is the bare minimum that would be required by central banks to make the provincial banks a success. We found that if the lending rate to members is $9\frac{3}{8}$ as it is at present and if we deduct 6 from it, we come to $3\frac{3}{8}$ as the borrowing rate of the provincial banks. But that rate is impossible. When Government—I am talking of present conditions—are borrowing at $5\frac{1}{2}$ per cent. for short periods, surely a central bank or provincial bank or even the best financiers of Bombay cannot get money below that rate. Therefore the lending rate should be increased from $9\frac{3}{8}$ to $11\frac{1}{2}$. I tried to persuade my colleagues to make an exception in the case of societies where the borrowing rate was low. They would not agree. But the chairman, with all his usual courtesy, agreed to pass on my remarks to the Government of India. I now want this conference to go into this question thoroughly, and they should consider if it is not possible to adopt one of two alternatives. These are that either we must get our money from the public at $3\frac{3}{8}$ per cent. or, if that is not

possible we should increase our lending rate to at least $12\frac{1}{2}$ per cent. If either of these methods is possible, then I have nothing more to suggest. Personally, I think both these propositions are absolutely impossible. We cannot get money at $3\frac{3}{8}$ and we cannot raise the interest to $12\frac{1}{2}$. The maximum should not be more than 10 per cent. It is a rule with us, when we declare a dividend of more than 6 per cent. to give half of the profits to the societies that are our constituents. Those of you who have seen the balance sheet of the Bombay Central Bank will have noticed that even as it is, there is very little left to be given back to the societies. As we have to go on increasing the borrowing rate, it will not be possible to declare a dividend of 6 per cent. I must acknowledge here that Government have helped us by appointing special mamlatdars to assist our work.

If neither of these two alternatives are possible, then the only thing to do is to find out a third remedy, because as His Excellency has just now said, it is absolutely necessary that each central bank should be in a position to meet its liabilities when they fall due. Among the experts whom I have consulted there were two bankers whom I consulted privately. There were others whom the Committee saw. They said that the whole thing depended upon the class of deposits, the kind of clients, personal experience and knowledge of banking. The committee unfortunately thought that as regards the co-operative movement, the same facilities of expert knowledge did not exist. Men in charge of the banks are not always trained bankers. The reply to that is that they are not expert bankers, but they know the local condition as well as managers generally can and the question is, whether after laying down certain lines for the guidance of the managers of central banks (for the time I will also include the provincial banks and primary societies) you are prepared to allow the management to determine the requisite fluid resources to meet the demands of the depositors as they fall due. The Government of India have recently ordered that quarterly financial returns should be sent in. Those of you who have had anything to do with banks know that from these returns it is not possible to get all the information that is requisite for the purpose of finding out what the fluid resource should be. The first thing in the morning that a banker does is to have a statement before him of his incomings for the month and to estimate what his outgoings would be. He then balances them and on this fixes the rate of interest that he can offer.

As regards provincial banks, I am rather in a difficult position, because I am one of the directors, but so long as we have men like Sir Fazulbhoy Currimbhoy and the Honourable Mr. C. V. MEHTA, men who are in constant touch with banks, I do not think there would be any difficulty in meeting our liabilities whenever they fall due. We have recently been able—thanks to the support of the Registrar and of the local Government and also to the fact that Sir Fazulbhoy is chairman of the Bombay Presidency bank—to secure a cash credit of Rs. 4 lakhs on our pro-notes with the Presidency bank. That is a great advantage to us. With that, even if we were to run amok there would be no difficulty in meeting our liabilities.

As regards primary societies, I think I may very well take pride in them and say that our primary societies are absolutely the best, and it is on the primary societies that the foundation of the whole movement rests. Although as regards deposits we are second, I hope it will be agreed that as regards management we are second to none. That is because our Registrar has allowed the movement to grow on right lines. Although we may not have as many societies as other Presidencies have, our societies are really co-operative in the largest sense possible. Moreover, in their case when they do not borrow from banks, but get their money from local men, the local men are likely to trust them, because they know almost with certainty how the money is used. Owing to scarcity or famine, if they experience difficulty in repaying deposits, they can easily extend the period. I do not think there is any necessity for fixing limits of fluid resource or laying down any similar rules for primary societies. For the larger rural societies however or the urban banks, it is absolutely necessary that they must follow the same principles as central banks as regards fluid resources.

In my paper I refer to another subject which is new to this conference on which I am not moving a resolution, but which I would like the conference to consider carefully and discuss amongst themselves, and when we meet next if it is found that there is any unanimity of opinion, we will go to Government with a resolution on the subject. That is in connection with enlarging the scope of the co-operative movement. At present we have not been able to take up the work of liquidating the existing debts of all the members of the societies. It is a large problem. Perhaps, as your Excellency knows, the Honourable Sir D. Wacha has advocated the adoption of the Egyptian bank model. That model has, we know, not proved quite a success even in Egypt. Mr. McNeill submitted a paper showing the needs of a single taluka, and calculating on that basis he thought that some 60 crores of rupees would be required to liquidate the debts of the whole Presidency. That is a large order. We have been doing this work to a certain extent. We are advancing moneys, not for two or three years, because we know that members cannot easily repay by two or three instalments, but for 5 years with the option of extending it to 10 years, if they are punctual in repayment. We cannot go on borrowing for one year, the period usual under the Bombay system, and then lending it for 10 years. We must borrow for the same period for which the advances are made. That can be done by issuing debentures. There also the Bombay Government has taken the lead and enabled us to issue debentures. All the other Presidencies have been jealous of us. We have set them an example which unfortunately they have not the courage to follow. The Bombay Government trust the banks and have been able to get good work done by them. But even with these debentures we cannot meet all demands. Of course, after a time all the money comes back to the bank, but that takes time. During the interval we must find money, and to do that either we must issue more debentures or issue new shares which must be at higher rates, or, which is more practical, we must have a apical State-aided bank from which we can draw money whenever we like. That scheme was discussed by the Committee, but we found that it was too technical. We tried to find out the Honourable Sir William Meyer's views on the subject, but he brushed us aside. What I want is that later on if it is the general feeling that it is one of the chief objects of this movement to liquidate the existing debts of the members and then allow them to start with a clean slate so far as the sowcar is concerned, if you can trust the members to be honest and thrifty, we might tackle the problem on a larger scale. I entirely agree with what Mr. Gandhi has said that the moral aspect has to be borne in mind. We do not approve of the Egyptian method, because there the moral aspect is entirely ignored. If you are going to do this, we must have either the guarantee of Government for debentures to a very large extent or a State-aided bank, and I think the second alternative is the better one. Before I move my resolution I would like my brother co-operators to consider the question and when we meet again we will be able to formulate some definite scheme and go to Government with it.

The Honourable Mr. Lalubhai Samaldas then moved the following resolution :—

(1) That as it is not possible to adopt in this Presidency the standard of fluid resources prescribed by the committee on co-operation without unduly raising the lending rate of interest on loans to members of societies and thus checking the growth of the co-operative movement, it is resolved that central banks and primary societies, with a working capital exceeding Rs. 50,000 should prepare a forecast of their incomings and outgoings at least every quarter, and the Director or Managing Committees should provide for such fluid resources to meet their liabilities as they deem expedient.

(2) That as in view of the importance of maintaining some fluid resources in central banks, and of their having to incur to heavier expenses on account of audit and supervision they may have to raise the rate of loans to primary societies, this conference is of opinion that the maximum rate of interest charged to members by societies may be raised from 1½ pies to 1¾ pies per rupee per month, wherever necessary for new societies.

Mr. R. B. Ewbank :—His Excellency has asked me to summarise the meaning of these two resolutions as they are necessarily worded in rather a complicated manner and it is therefore not quite easy to catch their import.

The point is this. The lending rate, that is to say, the minimum margin between the rate at which the central bank can borrow money and the rate at which village societies can lend money to their members, must be 6 per cent. Our rate in this Presidency at which societies lend to members is $9\frac{3}{8}$. That means that the Bombay Central Bank has got to borrow at $3\frac{3}{8}$. But owing to the war the borrowing rate has increased to 6 per cent., and therefore the rate at which we have to lend goes up to 12 per cent. There is one alternative and that is to reduce this margin of 6 per cent. if we can find out some way of removing the burden from the central banks which the Committee on Co-operation have placed on them. This burden is that of providing what the Committee regards as adequate fluid resource. The first resolution therefore says that as it is not possible to adopt in this Presidency the standard of fluid resource prescribed by the Committee on Co-operation without unduly raising the lending rate of interest on loans to members of societies and checking the growth of the co-operative movement, it is resolved that central banks and primary societies with a working capital exceeding Rs. 50,000 should prepare a forecast of their incomings and outgoings at least once every quarter and the directors or managing committees should provide for such fluid resources to meet their liabilities as they deem expedient.

This very subject was discussed at the last Bengal Provincial Co-operative Conference and the special committee passed the following resolution :— (reads) The President in speaking on that resolution informed the conference of the terms in which the Local Government had addressed the Government of India. They were as follows :—(reads) "This Government while fully realizing the necessity for keeping adequate fluid resources, considers that the standard proposed by the Committee is impossibly high in the case of banks with small capital..... The Governor in Council would restrict the application of the standard proposed by the Committee to banks with a working capital of 4 lakhs and over."

We have no means of knowing what recommendations the Government of Bombay have made to the Government of India on this matter. But I have reason to hope that the Honourable the Finance Member may be willing to indicate to us the views that this Government has expressed.

That, gentlemen, is the point with regard to fluid resources. If we can reduce the amount of fluid resources that we have to maintain, we will not have to keep such a high margin between borrowing and lending rates and I hold that on general financial grounds the amount prescribed is unnecessarily high.

I think most of you know that two months ago the Registrar was compelled to issue a circular that the lending rate at any rate for the present should be $1\frac{1}{2}$ pies per rupee and he has declined to register any new societies which without special reasons have not adopted that rate in their bye-laws. This was partly due to war conditions and partly also to the committee's recommendation.

Mr. Walwekar :—Your Excellency and brother co-operators, I wish to say a few words with reference to this resolution.

The standard recommended by the Committee on Co-operation is certainly very high. That standard is that the central banks should at least keep as fluid resources a sum sufficient to meet half of the fixed deposits falling due during the ensuing year apart from the amount needed for meeting the liabilities in connection with current and saving accounts. They also say that the minimum margin between the lending rate and the borrowing rate should be 6 per cent. They also say that there should be a sum on hand sufficient to meet the demand with regard to the urgent loans by the rural societies. So in these circumstances, I think, a central bank has no other alternative but to increase its lending rate. But when we take into consideration that these co-operative societies are intended for benefiting the rayats and the artisans, for whom they are intended, I think this standard should not be followed.

It is not at all desirable to give effect to the suggestion of the Committee, if you wish to benefit the poor people for whose benefit these societies are intended. The present rate in the case of fixed deposits is, in our part of the country, from 5 to 6 per cent., and in the case of current deposits 3 to 4 per cent. If the suggestions of the Committee on Co-operation are followed it will come to this that the central banks shall have to pay interest on such a large sum as half the fixed deposit for nothing and also on the whole of the current deposit for nothing without being able to make use of these amounts. I think in that case there certainly will be a loss. They will have to deal with half the fixed deposits and also with the share capital which is in all cases very much smaller than the fixed deposits. So in these circumstances my suggestion is that no hard and fast rule should be laid down with regard to the amount of fluid resources that should be maintained by the central bank. It should be left to the directors of the bank to fix that amount in view of the local circumstances.

With regard to the minimum margin of 6 per cent., with all due deference to the opinion of the Honourable Mr. Lallubhai I think it could be cut down. Having regard to my experience I think it can be cut down if they take it into their heads to reduce that margin. I have got the experience of the Karnatic Central Bank as well as the Urban Bank in Hubli, and I think the minimum margin can be reduced. I do not know how the Honourable Mr. Lallubhai has arrived at the figure quoted by him. He has not at all explained it. But in view of the circumstances that these co-operative societies are not joint stock companies and are not intended for the purpose of making profits but are started for the purpose of doing good to the poor people, I beg to say that this minimum margin should be cut down if all co-operators think that it is their duty to work in a co-operative spirit.

If the lending rates are increased there will be no benefit to the people for whose use these co-operative societies are intended. No body will care to become a member of a co-operative society when he finds that the society is not able to lend money on easy terms, and thus the beneficent object of the society will be frustrated.

Under these circumstances I think that the resolution moved by the Honourable Mr. Lallubhai be accepted with regard to the first part, and with regard to the second part, I think that there should be some modification.

The second part of the resolution is to this effect that having regard to the fact that the central bank has to incur heavy expenses, the maximum rate of interest charged to members by the society may be raised from $1\frac{1}{2}$ to $1\frac{3}{4}$ pias per rupee.

I do not at all agree with my friend the Honourable Mr. Lallubhai Samaldas in raising the rate of interest under any circumstances. The prevailing market rate is 9 per cent. and if that rate be increased I think the societies will not be of any practical use to the people and in no circumstances should the rate of interest be raised. As regards necessary expenses these may be borne by societies or Government may be asked to contribute towards expenses, and I think also that Government will do this since co-operative societies are started at their instance and since the co-operative movement is intended for the benefit of the people.

Rao Bahadur Chitale :—I think that the resolution now moved is of extreme importance. The first part is based on the deliberate opinion of the Committee, and that is a matter which is not entirely in our hands. With regard to the latter portion of it I should think that there are one or two points of view which ought to be put before you. From the Administration Report you will find that the real difficulty arises from the fact that we are working on a very small share capital of our own and are dependent mainly on borrowed capital. The working capital is made up of 68 or 70 per cent. of borrowed capital, with the natural consequences that you cannot borrow money at a cheap rate of interest on account of war conditions, which I hope will not remain very long with us, and therefore, naturally, the Committee think that the lowest margin on which you can work is 6 per cent. Now the only remedy is that the share capital must be increased. The share capital may be (say) 70

per cent. by itself and the borrowed capital may be in the proportion of 30 per cent. I think one thing is quite certain, namely, that if the co-operative movement is to be spread on the lines on which it has so long spread, you cannot afford under any circumstances to bring up the rate to the same extent as the village sowcar does. When the Dekkhan Agriculturists' Relief Act is administered on this basis, you all know that the debt of the agriculturist cannot be said to be easily liquidated by a reduction of 1 per cent. in 12 per cent. Now we are ourselves asked to come in line with that and make our lending rate 11 per cent. I should think that is not a safe thing for the co-operative movement, and I do emphatically submit that as a matter of policy and as a matter of prudence we ought to restrict ourselves to our present lending rate of 9 $\frac{3}{8}$ per cent. The margin of profit might look very small, but as a matter of fact, as it has been stated that these banks, even the Central Bank, or the smaller ones are not started with the object of making profit or earning more dividends, we ought to be satisfied with less. If the share capital is increased our difficulties will be 50 per cent. solved. If in any circumstances it is not possible, well, I should think that the increase of lending rate would knock the whole movement over. Even now, in these days the village sowcar, on good security, has not raised the lending rate. They are willing to lend at 12 per cent. and even less, and I am speaking only of the Deccan. In Madras and other provinces of course they have a smaller rate. If they have not seen the necessity of increasing their own rate of interest, I do not see why we co-operators here should agree and pass a resolution increasing our rate. Then again, you have to remember that you have got a certain model out of which you cannot go. Our rules are not elastic. We cannot get the same benefits as the village sowcar, and all the sowcars are not bad. Under these circumstances I think it will be disastrous to raise our lending rate to 11 per cent. I therefore, think that you will very seriously consider the effect of this resolution, and you will do, I think, better to employ your energies to see why this margin arrived at after mature deliberation of 6 per cent. is needed. I think the reason is, because, there is a central bank and they want to borrow and earn money on it. We want a central bank of the type where the shareholders would raise the requisite share capital and be independent of the market. I have a little experience of these things and I should think that we should employ our energies in that direction, but this much is quite clear that all co-operators do think that to raise the lending rate will be suicidal and I hope you will set your face against it.

Mr. Gopaldas Desai :—I agree with the gentleman who spoke before me that under present circumstances it would not lead to the progress and development of Co-operative Credit Societies to increase the rate of interest, but since the proposal has come from one of the originators and directors of the Central Bank, I think co-operators cannot take exception to it. They must, of course, base their calculations on their own business and when they have to borrow at a high rate of interest they must consider all the accidents, loss, and bad debts and several other things in order to secure the margin of 6 per cent. The only course for all co-operators in these circumstances is to secure cheaper capital locally, but when we have to go to the Central Bank for our capital they have first to consider their own terms which they have calculated on reasonable grounds. Now the best course for every society is to secure its own capital locally if possible. Otherwise, as the Honourable Mr. Lalubhai Samaldas has said the better thing will be to ask Government to lend the Central Bank a loan at a cheap rate, and if this is possible these societies will be able to get a better rate. The great necessity is that of raising cheaper capital for the agriculturists. If this is not possible, as pointed out by the Honourable Mr. Lalubhai, progress will be in a great measure hampered. So, in the resolution, from the stand-point of the Central Bank, I think there should be a provision mentioning that it should be left open to any society to accept that rate. It should not be standardised and where the society has the power to frame its own by-laws they might mention in them the cheaper rates of lending their capital which they think will be suitable for their own local markets. I think with that amendment there should be no objection to accept the resolution moved by the Honourable Mr. Lalubhai.

Rao Bahadur Talmaki :—I do not know whether the latter part of the Honourable Mr. Lalubhai's resolution was intended as a temporary measure. I was under the impression that the Registrar's circular, issued lately, that the minimum rate should be 1½ pies per rupee, was to last during the stringency of the money market.

Mr. Ewbank :—Certainly it was.

Rao Bahadur Talmaki :—If that be so I would like to suggest that a few words might be added to the Honourable Mr. Lalubhai's proposal to the effect that that rate should continue during the stringency of the money market. That will perhaps settle the points of some of the objectors.

Mr. Jadav :—Your Excellency and brother co-operators. I think the Honourable Mr. Lalubhai's resolution should be taken up in two different parts because the first and second parts are quite distinct from each other. The first part deals with the balance that has to be kept by the Central Bank according to the recommendation of the Committee on Co-operation. If the recommendation of the Committee is adopted, then the Honourable Mr. Lalubhai's proposal comes to this, that the difference between the lending rate and the borrowing rate will be 6 per cent., and the Honourable Mr. Lalubhai has shown in his paper that that state of circumstances cannot exist, because we cannot have the borrowing rate below 3 per cent. or raise our lending rate to 12 per cent. So the first part of the resolution states that a recommendation should be made by the Bombay Government stating that the minimum fixed by the Committee on Co-operation is rather too large and that it should be modified according to the circumstances of this Presidency and the other Presidencies and upon that I think the majority of the co-operators are agreed. But the second part of the resolution concerning raising the lending rate, has given rise to some discussion and it ought not to have any connection with the previous one. The previous one is with regard to the recommendations of the Committee on Co-operation and the second is as regards the circumstances created by the present stringency in the money market. Government have raised their borrowing rate to 5½ per cent. and consequently the borrowing rate or deposit rate of other banks and co-operative societies is 6 per cent. or more. There is no other alternative than to raise our lending rate to 11 per cent. as has been pointed out by the Honourable Mr. Lalubhai and the Registrar. I think that is fair because we are obliged to raise our lending rate on account of the stringency in the money market. Our co-operative movement is not a philanthropic movement. It is intended to benefit the ryot, the down-trodden ryot, and we have not started it with the object of competing with the local sowcar. The local sowcar has got his own methods and ways. In some cases he is very lenient but in other cases he is very exorbitant. I have seen men who preferred to borrow at 9·6 per cent. from the society when they were offered an equal sum at about 9 per cent. by the sowcar. At a higher rate of interest they preferred to deal with the Co-operative society than they can borrow from the local sowcar, because they knew that it was quite a different thing to borrow from a co-operative society than to borrow from a sowcar. Because in the first case they were borrowing from themselves and in the other case they were going under the clutches of the sowcar. So I think, taking into consideration the present stringency in the money market, it is but necessary that we should slightly raise our interest to 1½ pies per rupee per month for a certain time. Of course, when normal conditions return we shall be only too glad to reduce the rate of interest. With these few words I beg to commend the second part of the resolution as a substantive proposition for the consideration of this conference.

Rao Sahib A. U. Malji.—I want both parts moved separately. If the first part of the resolution is independently moved, I should think the whole conference will be with the Honourable Mr. Lalubhai.

With reference to the second part of the resolution then, we have to consider the special needs which compel us to consider the propriety of it. In the first place, the Central Bank lend money at the rate of 7 per cent. and when the same is advanced to members of the rural societies at 9·6 per cent.; this means there is a difference between the lending and the borrowing rate with reference to the rural societies of 2·6 per cent. only. Now when we come to the business transacted by a Central Bank, some Central Banks can lend money

at 7 per cent., although the Provincial Bank lends at $7\frac{1}{2}$ per cent. Speaking for my district of Broach, although we had a circular from the Central Bank that $7\frac{1}{2}$ per cent. may be the minimum rate, our rate was not increased. If the borrowing rate with reference to members of rural societies is not to be increased and the Central Bank cannot find money at a cheaper rate to lend out to the rural societies, we should not dictate terms with reference to all societies that the rate of borrowing should be increased, but only with regard to the societies for which the Central Bank does find money. Money is welcome at a cheaper rate, but if it cannot be found we cannot help it.

The Honourable Mr. Chunilal V. Mehta.—Your Excellency and gentlemen,—Perhaps it would make the debate more clear if I say that the resolution moved by the Honourable Mr. Lalubhai Samaldas is a purely permissive resolution. He says that the rate *may* be raised and, moreover, at the end of his resolution he adds that it may be raised wherever possible, and in the case of new societies only. I am quite sure that it is with extreme regret in the case of both Mr. Lalubhai and Mr. Ewbank that they consider it necessary to move the resolution even in this modified and weak form. Speaking from experience of the Bombay Central Co-operative Bank, I may mention that the rate at which the bank lent in previous years was $7\frac{1}{2}$ per cent. When the money market got easier and as the operations of the bank increased, the bank reduced that rate from $7\frac{1}{2}$ per cent. to 7 per cent. in many cases, particularly to new societies. The position now is entirely altered, and in view of the extreme stringency in the money market and the high rate which even Government has got to pay for its loans, it is impossible for the Central Bank to obtain money even in slack times like the present at anything less than 6 per cent. The only alternative proposal and the only constructive proposal that is made in view of all these difficulties and against the proposition of Mr. Lalubhai was by Rao Bahadur Chitale, and he said that we should try and obtain almost all the capital in the shape of shares or, at all events, 70 per cent. of the capital. Now I would like to point out that that is hardly a remedy, because you will see that in the case of the Bombay Central Co-operative Bank the share capital is 7 lakhs and we have a debenture capital of nearly 7 lakhs—Rs. 6,83,000—the debentures bearing interest at the rate of 4 per cent. Therefore, even though half the capital is in the shape of debentures with this low rate of interest, the Bombay Central Bank is only able to earn a fraction more than 6 per cent. dividend to give to the shareholders. The result is that the shares of the Central Bank have long been quoted at a discount. Now I would like to ask, in view of the experience of the Bombay Central Bank, whether any other central banks in the Presidency will be in a position to find 70 per cent. of the capital which Rao Bahadur Chitale wants at anything like 6 per cent., and if the dividend be also 6 per cent. whether there would be a rush for the shares. I may point out that in the case of the Bombay Central Bank, although the debentures are at the rate of 4 per cent., they have also set apart a sinking fund—if the whole capital was in the shape of shares, and if we could pay 6 per cent. to the shareholders, then the shareholders would be satisfied, and I assure you that all the shareholders of that bank are not men of what we may call the capitalist class who want an excessive rate of interest. Many of them or a large proportion of them are persons who have a sincere interest in co-operation, and would be quite glad to take less than the market return for their money. So it seems to me that in the absence of any constructive proposal it will not be possible to go on with the present rate of interest in lending to the primary societies, namely, $1\frac{1}{2}$ pies per rupee. It might be necessary in certain cases to raise it to $1\frac{3}{4}$ pies, and the resolution only says that power might be given to the Registrar to raise that rate in such localities as will not object to it and will be benefited even though the rate is raised. I therefore think that the resolution might be accepted.

Mr. R. M. Sane.—Your Excellency and brother co-operators,—This is a question in which we are all interested. The question really comes to this: what should be the lending rate of interest and the borrowing rate of interest? I venture to think that it will always depend upon local circumstances. In Bombay it is rather hard to find money at a cheaper rate of interest, while we in Sholapur have been able to collect Rs. 40,000 at 3 per cent.

and Rs. 80,000 at 5 per cent. We have got deposits of more than Rs. 60,000 at 5 per cent. So it all depends upon the circumstances and upon the local influence of the workers. There are so many circumstances which go to assist in bringing in capital that we cannot fix any hard and fast rule as regards the lending rate and the borrowing rate. What I respectfully submit, Sir, is that 12 per cent. is the prevailing rate at present, at least so far as Sholapur is concerned. 12 per cent. is a general lending rate, because these people cannot borrow money locally. By and by as they are able to raise local capital to the extent of, say, Rs. 8,000 or Rs. 10,000, they can think of lowering their rate of interest. So we cannot lay down any hard and fast rule in these matters. Only those societies who find it necessary to pay a higher rate of interest for the money would have to raise their rate of interest, otherwise the Bombay Central Bank cannot afford to advance money to them. We are trying to start district banks, and if we are able to succeed in starting them on a lower borrowing rate, then we might succeed in giving loans to others at lower rates. Instead of going to the central bank, the societies will go to the district banks. What I wish to respectfully submit is that Mr. Lalubhai's resolution is only recommendatory and not obligatory. Of course, we may express any views here, but all depends upon the local circumstances and how people are situated. In some societies the central bank or union or the district banks are willing to lend at a low rate of interest, because it depends upon the management.

As to the picture drawn by my friend Rao Bahadur Chitale that the sowcar is coming up to the level of co-operative societies, I beg to differ from him, seeing that the private rate of interest, in the Sholapur district at any rate, is not less than 2 per cent. per month. My experience for the last ten years is that people have to borrow money at a high rate of interest. They have to pass bonds for Rs. 100 or Rs. 150 while they have to actually take less than that amount. All these practices are still going on. If the sowcars are coming round, they are coming round by our efforts. Sowcars have questioned me in several places "what shall we do with our money?" I tell them "deposit the money in our societies". But when we try to bring them round, they won't come round all of a sudden. At first they would be inimical to you, but when you persistently try to bring them round and point out that the rate of interest offered by the co-operative societies is far more beneficial than the rate given by the sowcars, then they come round. And now they want to lower the rate of interest in some places in order to compete with co-operative societies, but still people are not willing to go to the sowcars because there are so many sundry expenses and troubles in going to them, which are saved by their having resort to co-operative societies, whose help is placed at their disposal. Therefore what I would urge is that Mr. Lalubhai's resolution is simply a recommendatory one. In Sholapur the interest runs to at least 12 per cent. So it does not come in the way of our present practice—and I commend it for the acceptance of the Conference.

Mr. F. Clark:—Your Excellency and brother co-operators,—May I, who am not an expert in rural societies, say a word? In our own society, the G. I. P. Railway society, we have now lent 33 lakhs of rupees in loans to our staff since it was started 3½ years ago. As I have listened to what has been said, it appeared to me that the co-operative societies referred to are societies for lending money. I should like to emphasize the importance of their being societies for receiving deposits from individuals also. It seems that if individuals can be persuaded to deposit their savings with the society at a low rate of interest, it will save us a middleman's profits, that is, the profits of the central or whatever bank it may be. If they can receive deposits direct from individuals and lend that money out, they will save at least one profit. We borrow money from our staff and we can get any amount we want at 5 per cent., and we lend it out to the staff at 7½ per cent. At the present moment I hold about 10½ lakhs of rupees deposits from the staff of the railway, and our capital is, roughly, 13½ lakhs, and at the present moment I have money offered to me at 5 per cent., as much as I can take for the purposes of these loans. I should like to say that I am perfectly confident that there is in India a large amount of money which can be obtained by local societies, and if they can get

these deposits direct from the individuals and lend it out to the ryots direct, there would be no necessity for the intermediate profit which has got to be paid for, because you get all the profit yourselves.

The Honourable Mr. G. Carmichael:—Your Excellency,—I wish to make a few remarks with regard to the discussion that has taken place on the second part of the Honourable Mr. Lalubhai's resolution. I wish to point out to this Conference that the resolution is based on two grounds: The first is the importance of maintaining some fluid resources by the central banks and secondly the heavier expenses of audit and supervision that these central banks and the societies generally may have to bear. Perhaps, the Honourable Mr. Lalubhai did not notice what His Excellency said in his opening remarks on this particular question of audit and supervision. His Excellency made it quite clear that, with regard to audit, Government is dealing generously with societies and does not intend to make any change with regard to charging the societies for the cost of their audit. (Hear, hear.) It seems to me that the subject of the Honourable Mr. Lalubhai's second resolution is knocked out by His Excellency's pronouncement. Mr. Ewbank has asked me to say what view the Bombay Government expressed to the Government of India with regard to the recommendation which the committee on co-operation made in their report on the point of the fluid resource to be maintained by a central bank. I am not able to give you the exact words of the recommendation, but I may tell you that we supported the Registrar's view, the view expressed by Mr. Ewbank, that it is undesirable to make a hard and fast rule in the matter. We did not go quite so far as the Government of Bengal appear to have done, and propose a lower limit than that which the committee proposed, but we, in general terms, said that it would be very much better to depend on the management of the banks themselves and to see what limit they should maintain in particular circumstances. Of course, that arrangement does impose on the Registrar a good deal of responsibility as well as on the Directors of the Bank, but in that matter I think we can trust the views of the Registrar and those who are responsible for these banks in Bombay. I should now like to refer to what Mr. Chitale said with regard to the Central Bank in Bombay. He suggested that more share capital should be raised. The Honourable Mr. Chunilal Mehta has already dealt with the point that the capital was now large enough, and that if more capital was issued, the shares would be at a still greater discount than they are at present in the market, but I think, if we regard the question from that point of view, the fact that the shares are at a discount in the market is not of particular importance at the present time, especially as the shareholders come from people who are interested in the co-operative movement. I think it is a matter which the Directors should take into consideration, as to whether they should not issue more share capital to the societies. There are a number of our societies which can subscribe to these shares, and I think that was one of the objects the promoters of the bank had in view when it was started. In this way the question of fluid resources would become one of much less importance. The question, of course, is always an important one, but it would not be necessary to maintain so large fluid resources as recommended by the committee on co-operation. I think I ought to make one other remark on the general question of a State Bank which the Honourable Mr. Lalubhai has raised at the end of his paper and with regard to which he does not propose to move a resolution. I am not at all surprised that Sir William Meyer condemned the proposal which the Honourable Mr. Lalubhai suggested for his consideration, if it was not based on stronger grounds than those now put forward. A point which I wish to remark on is the suggestion that the largest field for the co-operative movement in this Presidency is the redemption of existing debts. I very much doubt whether the direct tackling of redemption of existing debts is the best way of removing the evil. Our record of rights has shown us that the amount of debt for which the landed property of the cultivators in this Presidency is mortgaged and the extent to which land is incumbered is much smaller than was anticipated, and there is no doubt that a very large number, I think a greater proportion of the cultivators, are in the position of being free from debts except, of course, with regard to the current debt necessary for agricultural work. Before you tackle this those who are

interested in the co-operative movement must remember that many cultivators have incurred little more than the ordinary debt which any agriculturist in any country has to incur, if he means to improve his land and to make the most of his capital.

Rao Bahadur Govindrai Salamatrai:—Your Excellency and gentlemen,—I simply wish to say one word. I am one of those who know what troubles we have about this system of interest. But societies in Sind having been started only recently, it may be too early yet to raise the rate of interest there. People are not taking kindly to the societies just in the very beginning, even with the existing rate of interest. If you increase the rate of interest, therefore, the state of affairs will be worse. Therefore I beg to urge that, even if in the Presidency it may be thought that the rate of interest should be raised, the rate of interest for Sind may be left alone at present.

Khan Abdul Majid Khan:—Your Excellency and gentlemen,—I speak only with regard to the rate of interest charged by co-operative societies to individual members. We have to see first of all whether the increased rate of interest benefits the co-operative societies or not. I think it will benefit them, because one of the main principles of co-operation is self-help, and unless and until we have a reserve and a capital of our own we shall not be achieving our object. Therefore I say that we must have some margin between the lending and borrowing rate, and we must have a reserve fund. If we fix a margin of 3 per cent., I think it will not be much; *i.e.*, if a central bank is able to lend to a co-operative society at 8 per cent., then that society may lend to individual members at 11 per cent., and if one central bank can manage to lend at 7 per cent., the individual members of the borrowing society may have to borrow at 10 per cent., and so on. If a society becomes self-supporting, *i.e.*, working on its own deposits and reserve fund, this would tend to decrease the rate of interest as it (the society) becomes self-supporting.

It has been said that money-lenders are advancing money at equal rates with the co-operative societies. It may be so here, but my experience is that just for the sake of their selfish purposes, the money-lenders want to drag people away from the co-operative societies and bring them back into their own clutches. Now, even supposing for a minute their rate of interest is the same as that of the co-operative societies, the more you see and study the position of ryots in the villages, the more surely you will find that 75 per cent. of the ryots who have had dealings with money-lenders have been absolutely ruined. The reason is this. The more a man has got dealings with money-lenders the worse becomes his credit, but the longer a member deals with a co-operative society the greater is his credit. And, furthermore, he does not quite pay as much to the society as he pays to the money-lender, because at least a part of it—one-fourth or one-third—remains in the society in order to help to reduce the future rate of interest. I think, therefore, it will be better for us to propose a certain rate of interest as a margin of difference between the rate of lending and of borrowing capital, so that this will be equally regulated throughout all the districts in the Presidency here.

His Excellency the Governor:—Gentlemen,—I think we had a very full and interesting discussion on this resolution of the Honourable Mr. Lalubhai, and your Registrar has informed me that you have got three other very important questions to discuss this afternoon and only two days to discuss all the many important matters on the programme. If you agree, therefore, I think it would be well to close any further discussion on this resolution and to ask Mr. Lalubhai to reply on the general debate that has occurred, in order that you may be sure to get through the other three questions which will come up for discussion this afternoon.

The Honourable Mr. Lalubhai Samaldas:—Your Excellency, and brother co-operators,—I am not going to take up much of your time.

Coming to the remarks made on my paper I welcome very much the remarks made by the Honourable Mr. Carmichael. The Government of Bombay have in their report said that they did not approve of a rigid standard of fluid resources. That is all that could be said on the subject

Mr. Walwekar said he could not understand how the margin was six per cent. I am prepared to show him outside this Hall how it is so, if he gives me time, by mathematical calculation.

The Honourable Mr. Carmichael has just now said that provision has been made for the bearing of the cost of audit by Government. It is very welcome news indeed. So the chief argument in favour of the increase of the rate disappears. I base my arguments on two main important considerations: that of maintaining fluid resources and of audit expenses. I only wanted to give an option to some societies to raise the rate of interest where it was absolutely necessary.

Mr. Clark says that he can get deposits at 5 per cent. But I do not think it is possible to get shares at 5 per cent.; and for this reason I question Rao Bahadur Chitale's suggestion. Then there was a suggestion made by another brother co-operator who said that the question of 3 per cent. margin should also be considered. I am not going to press this resolution if the general sense of the Conference is against it. I have modified my second resolution in consultation with the Registrar as follows:—

“Societies which cannot raise a fair proportion of their capital locally, and must depend on central banks for the bulk of their finance, should be required to satisfy the Registrar that their rate is fixed at a level which will prevent them from working at a loss.”

I am prepared to leave the matter in the hands of the Conference.

The resolutions as amended were put to the Conference by His Excellency the Governor and were unanimously adopted.

IV.—Co-operative Societies and District Officers.

Mr. B. A. Brendon:—Your Excellency and gentlemen,—In my paper I have attempted to indicate the share which the district officers could take in the co-operative movement in the rural areas. At present, to all intents and purposes, the district officers stand outside the movement, and I think this isolation involves a loss to the cause, and personally I think the loss is mutual. I think the Civil Service would not wish to identify itself with the movement, but could not fail to draw some useful qualities from contact with the movement. I suggest that the district officers' proper function in this respect is to stimulate interest in co-operation in villages. Under the conditions or, as I put it in my paper, in the atmosphere which the district officers' sustained interest would produce, I hold that new societies will spring into being, that the existing membership will extend, and that new capital will be attracted to the movement. The capital which I have in view is not the capital of a few individuals, but the small capital of an indefinite number of prosperous cultivators and others interested in co-operation. But this function should be discharged with due regard to the principles which I have stated in my paper. The district officer should attend a meeting of every society in his sub-division once a year. He should go as a co-operator and not as an inquisitor. He should endeavour to place his experience at the disposal of the societies and to use his influence in furtherance of the cause. He must neither organize nor control. In a word, his sole aim should be to create a healthy atmosphere which is necessary for the growth of belief in co-operation. As I have said in my paper, I believe that the establishment of panchayats will assist the district officer in discharging this function, and in order that panchayats may themselves be living parts of the scheme of administration of local self-government, I want to see these bodies invested with some small powers, without which I believe they will find their duties uninteresting. It will be readily understood that I do not like to suggest the issue of orders which would result in another duty being added in every Collector's programme. At first sight the additional work may seem to be formidable, but in practice I do not think it will be found to be serious. Every Collector and sub-divisional officer has to visit a large number of villages and spends much time in conversation with the inhabitants. I believe that in villages where co-operative societies exist a part of every day would be spent to great advantage in conversation with members of the society, and, as far as I can see, the only additional work

entailed will be a journey to distant villages which otherwise perhaps would not be visited. There may very possibly be a diversity of opinion as to whether the duty which I am asking Government to lay on district officers should be obligatory or optional. No doubt work done spontaneously is better done, but at the same time we must not entertain any unpractical ideas. We want practical results, and my experience suggests to me that compulsion will give us bigger and more tangible results than a mere expression of hope by Government which would very soon be forgotten or driven out of mind by the variety of details of administration. It may also be considered by some members of the Conference that the movement is already going fast enough. Perhaps they are right, perhaps they are not; but I must confess that I look forward eagerly to the day when the fascinating record of the Hadapsar Society, which Mr. Devadhar was chiefly instrumental in founding, will be repeated in thousands of villages. I believe that "each ship will carry more sail", but I emphasize the great importance of not allowing any deviation to occur from the course which experience lays down and which I have attempted to indicate in my paper.

With these remarks, your Excellency, I beg to submit for the acceptance of this Conference the following resolution:—

"This Conference recommends that Government be pleased to issue orders requiring Collectors of districts and Assistant and Deputy Collectors in charge of sub-divisions to endeavour to attend at least one general meeting of every co-operative society in the sub-division in their charge once a year."

Dr. Lokre:—I beg to oppose the resolution. I hope you will excuse me for this. The proposal seems to me to convey an idea of creating an atmosphere of officialdom. The presence of a Collector is awe-inspiring to the ordinary folk, and the situation of confidence is much more possible in an Indian officer who has a missionary spirit and works with the intention of creating some sort of feeling in the co-operative movement. By laying an obligatory thing upon the Collector to attend all general meetings in villages and thus to be in direct touch with societies, I think the freedom of thought that is now existing between officialdom and the co-operative movement, *i.e.*, the members of the societies themselves will be set aside. I might just say that in my society some days ago, there was some sort of mismanagement. Some of us naturally went down to the Registrar with extreme confidence in him. We spoke to him and said that we doubt such and such a figure and that a certain gentleman was responsible for the bad management. The innermost motive was not any punishment to the man but setting right the mismanagement. But in the case of a revenue officer I think the members would not confide immediately in him in the same spirit they would do with the Registrar. It may be, if the revenue officers choose, they may be allowed to do it as an optional thing. What I am objecting to is the obligatory function. Some officers might naturally even take a good deal of interest in the co-operative work. They might even permeate the people with the co-operative spirit and encourage them and ask them to promote the movement. In that event it might even be that he was able to work the movement up, but I suppose the results would not be as was expected. It remains much more with the individual officer with whom the whole matter lies, and consequently I should recommend to this Conference that the matter should be entirely an optional one, that is, the officer may take interest if he wants, but not that he should attend each and every meeting of the society, as it would produce an awe-inspired spirit in the members of the co-operative movement rather than give them a helping hand. With these words I commend the resolution to the Conference.

Rao Bahadur R. G. Naik:—I heartily support the resolution moved by Mr. Brendon excepting that I request him to consider if he can delete the words "Assistant Collectors and Deputy Collectors." I request the Conference to support the resolution of Mr. Brendon that Collectors should attend at least one general meeting of co-operative societies in his district. However, I have my own reasons for supporting it. I have been an organizer of co-operative societies in the Belgaum District since the year 1912, and since then the

number of societies has very largely increased. In the course of my attempts I have been helped very largely by the district officers in the district. Every year at the time of the touring of the Collector I used to organize a meeting for delivering lectures on co-operation by different people and its effect was that a good many societies were started in the taluks where the meetings were held. Also an annual district conference or a taluka conference presided over by Commissioners and other officers have given a very great impetus to the spread of the co-operative movement in the Belgaum District. Mr. Brendon in his resolution does not want to exercise control over societies or to organize societies; so that whatever fear there may be in the minds of co-operators, I believe that Collectors will only attend a general meeting with a view to create a good atmosphere for the spread of the co-operative movement, and therefore I submit to this Conference that the resolution is worth their consideration and they may favourably adopt this resolution.

Mr. Rajadnya:—I have full sympathy with the resolution and for the Collectors, but I submit that I have some fear that it would be difficult for us to carry out some of the suggestions. Now the author of the paper says that a special meeting should be held when the Collector wishes to visit a society, but nowadays, according to the new rules recently sent to the societies, only two general meetings are to be held in a year. So if he wants to attend any meeting he is welcome at that time, but to hold a meeting specially at the time when he comes to the village will not always be possible. Perhaps the date of the meeting may be changed for his convenience, but the holding of a special general meeting at any time of any year will not be possible. Moreover, in my taluka the presence of a District Deputy Collector has been of much use. He attended one meeting of the Ashta Society, and with his influence the society has been going on without any loan from the central bank. We had two conferences in our three villages during the last two years, and our Registrar was requested to attend the meeting of a conference, but he did not find time. His presence is always useful; the value of the societies increases in the opinion of the sowcars and we get more deposits. But I think it is not possible to have a special meeting when a Collector is on tour or he happens to go there. There is one other simpler way in my opinion, and that is, that if he finds it convenient and he is near the society he may attend the first general meeting of the society, and that would be a great help to the society when it is first started. In the paper it is stated that the Manual of Co-operative Societies should be added as a text-book, but it is difficult to study it thoroughly. There are so many subjects—Balance Sheets and how to prepare loan applications, and so forth. It is not necessary to study all these. If we study a few things it will be enough. I think that special general meetings should not be held when the Collector comes, but he should see his way to come to the general meeting of a society whenever it is held. With these words I support the resolution.

The Chief of Ichalkaranji:—Your Excellency and gentlemen,—I wish to thank Mr. Brendon on behalf of all the co-operators for the paper that he has presented to the Conference. He is quite right when he says that Indians look upon the British Government as a paternal government, and for any movement in India to prosper, it is necessary that the district officers should encourage and foster it for some time to come. We find even if education has to make any headway, it is to the district officers and their subordinates and the officers of the Educational Department that people have to look for bringing pupils, etc. The same is the case in Forest administration. In the case of everything with regard to a district, unless the District Magistrate or Collector takes interest in it, no administrative reform or anything of usefulness could be furthered. For this reason I think it is very good thing that a Collector himself should come and move this resolution for your acceptance. I take it that Government sympathize with the resolution that is being submitted for the acceptance of Government, that they should ask the district officers to take greater interest in the co-operative movement. I am quite sure that this movement would not have made the headway which it has, if the district officers had not taken keen interest in the matter.

Then again I am very glad that Mr. Brendon has prominently brought before the co-operators the state of things in the villages, namely, that there

are jealousies and factions there, and though education has made an advance in the country the education that we have received has not enabled us materially to alter the state of things existing in the villages. This is really a thing to be deplored, and if this bad tendency in the rural economy is to be combated, it can only be done by the further spread of education and by the great educative influence which the co-operative societies have on the moral tone of the villagers. But I am sorry to find in this paper that Mr. Brendon has not given their due to the lower officers of the districts—I mean Mamlatdars and others. From my experience at least—I am not talking of experience in my state, but of experience of British territory round about me—I can say that many of the societies that were started were first initiated by the Mamlatdars and they were practically fostered by them, and if such a valuable class of people who really know the people and who induce the sowcars to put their deposits in co-operative societies were to be eliminated from taking interest in a valuable movement like this, it is a thing which I do not quite understand.

I also strongly support Mr. Brendon's suggestion that text-books on co-operation should be made one of the compulsory books for examinations.

With these words and giving my personal assurance, Your Excellency, that district officers do form a very great force in the advancement of the country and without them no movement can spread, I beg to support the resolution moved by Mr. Brendon.

Rao Bahadur S. K. Rodda:—Your Excellency and brother co-operators,—It is co-operation that we want and Mr. Brendon's paper deals with the co-operation which the district officers are to give. The co-operation of district officers is necessary in most cases—in matters of education, sanitary committees, local boards and so on. Every factor of the administration demands the encouragement of the district officers. With regard to co-operative societies the co-operation of district officers is most essential. The Collectors, not only tour in every part of the district, but they go to all the talukas within the 120 days of their touring season. The work also of the Assistant Collectors has been greatly lessened by taking away from them many of the duties such as crop inspection, etc. So they also can devote much of their time to co-operation. What Mr. Brendon advocates is that with the assistance of district officers much can be done in the way of promoting the interests of the societies, and closer contact secured between the district officers and the people in general. Every co-operative society consists of important members of the village, and the presence of the Collector to cultivate acquaintance with them, not only with regard to co-operation but the condition of villages, will aid him also in the administration and at the same time it will be very useful to co-operation as such. As regards Administration Reports, the Collectors now do actually write in their Administration Reports how many societies exist in their charge, how they are working, etc., and they also quote instances to show whether they are good ones or bad ones. Whenever there is a conference or anything special, if a Collector is invited to be present, he comes there even from a very long distance. I have known in my own district the Collector coming in the rainy season from a distant part to be present at a conference. The Collector's presence is needed, not in a spirit of opposition or unnecessary control, but what M. Brendon says is: "We are here ready to co-operate; well, let us have a hand in it." And if this duty is laid down upon the Collectors by Government, of course it will be a blessing to the societies and not to the Collectors, because the Collectors will have to do additional duties. If these duties are devolved upon them by an executive order of Government, they will have some hand and they will think that it is their duty to inspect the societies and help them. Mr. Brendon's paper contains a very good suggestion and I hope the district officers, even the Assistant and Deputy Collectors, will act up to it. I would include Deputy Collectors also, as most of them have done admirable work with regard to co-operation. Therefore I support the views expressed by Mr. Brendon in his paper.

His Excellency the Governor:—Gentlemen,—I am again rising with a view rather to shorten the discussion, especially for this reason that this particular resolution recommends that Government should do a particular thing. So it is on Government to make some reply with regard to this. Now, I have had the

opportunity of talking to my honourable colleagues, who have been sitting around me while this discussion has been going on, and I wish to give you the general opinion of myself and my colleagues with regard to the resolution. As to the spirit of the resolution, I am entirely in favour of it. But it is the method with which Mr. Brendon proposes to work for his resolution that we cannot approve of, and Government would not be disposed to issue any order compulsorily ordering any district officer to attend one meeting or any number of meetings of co-operative societies. Government's position is this. We expect district officers—and I think we can fairly say that it is the practice amongst them—to create such an atmosphere in their districts and to inspire such confidence in their districts that co-operative societies and other organizations of all sorts in the districts, and individuals in any particular district, will always be ready and anxious to come and discuss any particular matters that may be of importance to them. That is the atmosphere which we expect our district officers to create, and I am sure that they do so on every possible occasion. Under the circumstances, therefore, you will see that it is quite clear that, as head of the Government, I must suggest to Mr. Brendon that it would be little use his moving the resolution that a compulsory order should be issued to the district officers in this matter, as the members of my Government, including the Governor, would be unable to accept the suggestion.

I think my honourable colleague Mr. Carmichael wishes to make a few observations with regard to departmental examinations of Assistant Collectors.

The Honourable Mr. G. Carmichael:—Your Excellency and gentlemen,—Mr. Brendon suggests that the Manual of Co-operative Societies should be added to the text-books prescribed for the higher standard departmental examination of Assistant and Deputy Collectors. I think that in a subject of this kind a departmental examination is not a good way of instilling the ideas of co-operation in the minds of young officers. It is proposed to make it a subject in the special course which these young officers have to undergo at some early period of their career. As regards this proposal I may point out that the Deputy and Assistant Collectors have to undergo a course of agriculture and co-operation in Poona, and I am sure they will learn very much more under the inspiring teachings of Mr. Ewbank and Mr. Keatinge than they would be able to do if they were simply to read a particular manual for a departmental examination.

Mr. Brendon:—In view of the declaration made by Your Excellency and the Honourable Mr. Carmichael I withdraw my resolution.

The resolution was then withdrawn by permission.

VI.—The Moral Basis of Co-operation.

His Excellency decided that item VI of the programme should be taken before item V.

Mr. M. K. Gandhi:—Your Excellency and friends,—I must confess that I stand in the position of doubting Thomas before the Jesus of co-operation and the army of believers. I confess also that I appear here to utter a note of warning, but I know that criticism is easy as also it is difficult, and I have experience about criticism. Criticism, when it is preceded by some constructive work is often valuable. In my case, I am not in a position to offer any constructive work. I know that I appear before graduates in co-operation as a person belonging to the primary class.

I have sketched in the little paper that I have prepared for this Conference the humble work that I have been endeavouring to do. I am hoping that when that work has prospered, when I have gone through the mathematics of the movement, as also its history and geography, I hope then that I shall be able to arouse everybody in this hall, from His Excellency down to the peon, with the same enthusiasm that I have for the weaver class. I expect that one of these days I shall see you all, from His Excellency down to the peon, using cloth woven by the weavers of India. Then I think that I shall have graduated in the course and I shall command some little attention if I speak to you as a critic and utter also a note of warning. But I am here falling an

easy prey to the suggestion made by Mr. Ewbank, and you have got the paper and therefore you have now to listen to an explanation on that paper.

Listening to the question of margin of interest, listening to the difficulties of fluid resources, and listening also to Mr. Brendon's resolution and his proposed manual, I feel that I am a round man in a square piece or a square man in a round piece. I do not know the correct phrase, but that is really my position. I feel that in a movement of this character, and it is undoubtedly a very great movement, if the founders of the movement take care that the foundation as also the coping stones have the moral aspect about the movement, then I have no doubt that it will become a blessing to India.

I want to recite just a little bit of experience that I have only recently had in a co-operative experiment. I do not know whether you would be prepared to call it an experiment in co-operation; but it is this: There is probably an amount of Rs. 10 lakhs circulating amongst the so-called co-operators that I refer to. The result of it has been that these poor villagers are not only a prey to this so-called co-operation, but they have also to grow their crops to order and have also to sell their crops at a stated price. These are the possibilities if you, for a single moment, forget the moral aspect of it. If for a moment the spirit of co-operation becomes tinged with the spirit of modernism—and I think by this time the country knows more about the scepticism of the spirit of modernism permeating this country—you will find in a very short time what has happened in this little experiment that I have just now been endeavouring to describe to you. You will find that state of things being reproduced throughout the length and breadth of India, and I am positive that neither His Excellency nor the Registrar, nor the Directors of Central Banks or other bankers desire that such a result should happen anywhere, and it was in that spirit that I sat down to write my paper, and it is in that spirit that I have risen this afternoon to appeal to this great Conference and to His Excellency, as also to the Registrar, and to utter a word that has been uttered by an English statesman. Do not believe in the multiplication table and think that we shall have achieved everything when you multiply your co-operative societies, and you can think in millions instead of in thousands. Hasten slowly in reference to this movement and do not destroy the mighty edifice that India has produced on its own soil, an edifice that is congenial to its climate; do not be ready to lay a heavy hand upon this edifice. Examine it and if you find that it has become corrupt, then get rid of the corruption, but in that process do not destroy it unless you are entirely satisfied that that edifice is wrong, that edifice is corruption itself.

I think that I have said enough in order to explain the little paper that I have put before you. I would like again to express my apology for having stood up this afternoon at all, because I know so little of the methods of co-operation, I know so little of the history of the progress of this co-operation in India. I feel therefore considerable diffidence in standing before you, but as the position has been given to me, I rise and I utter this further warning with all humility, but certainly with the greatest earnestness, because I wish with you that this movement should progress, but I do wish also that it should progress along sound lines.

V.—The co-operative movement and local self-government.

Mr. Devdhar:—Your Excellency and fellow co-operators,—At the outset I owe you an apology for my sheer inability to place this paper in your hands earlier than this morning and I trust you will extend your usual indulgence to me. The title of the subject of the paper which I am going to place before you is “The co-operative movement and local self-government.” As you will notice, it is altogether a new subject for the co-operators in this Presidency and therefore I would like to attempt a brief history of this question. [Mr. Devdhar proceeded to read out portions of his paper and to summarize other portions. His speech was not recorded verbatim. He moved the two resolutions printed on page 72.]

Rao Bahadur Naik:—Your Excellency and brother co-operators,—I believe that Mr. Devdhar has done a very good service to the co-operators of the Bombay Presidency by writing this paper and thereby seeking direct representation for co-operators on the taluka and district local boards. At the same time I believe that what Mr. Devdhar suggests to this Conference is not the whole

of what the best co-operators in this Presidency would wish that they should have. The co-operators in the other provinces of India have been urging on the attention of Government direct representation in the local and provincial and imperial councils, and here Mr. Devdhar urges on this Conference the desirability of bringing to the attention of Government the need for the representation of the co-operators on the taluka and district local boards.

The Conference knows that most of the co-operators in this Presidency are educated people—I mean the co-operators in urban areas who have been doing very great service to the people and also to Government for many many years—and these co-operators also know the real wants of the people. If this people were given representation in the taluka and district local boards, nay, even in the provincial and imperial councils, they will be the direct representatives of the people, themselves knowing the people's wants.

I, therefore, submit to this Conference that they may consider the question as to whether in this resolution they should urge on the attention of Government the desirability of amending the Indian Councils Act also and thus giving the co-operators direct representation on the provincial and imperial legislative councils.

The Honourable Mr. Lallubhai Samaldas :—Your Excellency and brother co-operators,—In the first part of the resolution Mr. Devdhar makes a general request to Government to give the co-operative movement some share in the taluka and district local boards. In the second part he gives details as to how these elections should be arranged.

With regard to the matter referred to in the second part of the resolution of Mr. Devdhar I can only say that we had no time to look into this question. However, as Mr. Devdhar has apologized for not sending the paper to us in time I do not wish to say anything more on that point.

If Mr. Devdhar agrees, I would move an amendment, namely, delete the whole of the second paragraph excepting the last sentence.

Mr. Devdhar :—I accept the amendment.

His Excellency then read the amended resolution to the Conference.

Mr. Rajadnya :—Your Excellency,—I move an amendment that the representation should be given to unions and not to the society.

Mr. Ewbank :—I rise to a point of order. The details cannot be discussed as they have now been left out.

His Excellency :—The second part of the resolution has been deleted and it would therefore not be proper to refer to the details.

Mr. Ewbank :—On this question of the representation of co-operative societies on local self-government boards it is possible for us to hold wide divergencies of opinion. You will see from Mr. Devdhar's paper that the Registrar of Co-operative Societies in the Punjab says that "the British rule of keeping the movement separate from politics seems to be the wisest. What is essential is that the Government should really represent the agricultural interest or should at least realize the overwhelming importance of agriculture in the state." The question which arises in one's mind is whether the connection of co-operative societies with local self-government might not involve some controversial issues. Today Mr. Gandhi, Mr. Devdhar and myself, I take it, represent very different points of view in politics but still we can work cordially together for a common economic object. If you are going to link this movement to politics, then there is no knowing where it will end. Local self-government, as a matter of fact, is a very uncontroversial topic at present, except, perhaps, with regard to some municipal affairs, and I do not suppose that co-operative societies by taking part in the election campaigns would be very violently inflamed. But this is the beginning of a new principle. Constitutionally we have set before ourselves certain definite social, moral and economic objects. We are not here to promote questions like the improvement of roads or the popularization of inoculation and the innumerable other questions that come before taluka boards. Our constitution does not allow it. The point, therefore, is that co-operative societies cannot directly undertake these kinds of work. If indirectly you allow societies a franchise,

then I presume that you will be accepting them as a collection of sensible representative villagers ; and if Government wish us to elect representatives it would be a right thing for co-operative societies to undertake it as a duty. But, gentlemen, at any rate, I suggest a warning that if we accept these outside functions and mix ourselves up in local or imperial politics then we shall do it as duties forced upon us as loyal citizens and not as co-operators because there is a risk that it may do as much harm as good.

The Chief of Ichalkaranji :—Your Excellency and gentlemen,—Today seems to be a day of uttering warnings. Of course it is not proper for me to criticize Mr. Devdhar's paper, because there is vast difference between his experience and mine and I have had no time to read the paper. But I find that mention has been made of several countries, but he has not made mention of one country which I saw and about which I wish to speak. At any rate, he has mentioned Sir H. Plunkett. I had the good fortune of having an interview with him when I was in Ireland. When I asked the people whom I saw in Ireland, how it was that with so much disturbance and difference of opinion in Irish politics, they could get on so very well as regards co-operation, they assured me that the only way that they could get on was that people who had had anything to do with co-operation had severely left alone all politics, or anything in which there was likely to be any difference of opinion. They said that the spread of the co-operative movement in Ireland had helped the nation to come together as one nation in spirit and helped it far more than any other movement or any other organization that was started in Ireland.

Of course, political power is a sort of power and human nature is fond of political or any other sort of power. The giving of the franchise either in local board or municipal administration to the societies will not conduce to good. I think this would be the thin end of the wedge. As it is, our village politics are very disturbed. In our social matters also—I am talking of social reform as it is understood in the Deccan—and in other spheres of life there is keen difference of opinion. It is a common experience that at meetings of the taluka local boards some members would like to have a thing in their own village rather than in another member's village. If half a dozen co-operators were to join there and thresh out the question, I do not think there would be great enmity between the several members of that body. I was also for some time a member of the District Local Board of Belgaum. When the question of selecting a member for the Legislative Council came on for discussion, I saw that the Lingayats were all on one side and the others on the other.

In this connection I may also say, not with great authority, that in France I found from the little talk that I had with some leading co-operators there and even in Italy co-operation did not make as great a headway or did not have such a unifying influence as in Ireland, because politics came rather into play in starting the societies. Of course, people like Mr. Devdhar know these things much better than I can lay claim to, but I would utter a warning, as has been done by the previous speaker, that we must think twice before anything of the sort is brought on the statute book of the Presidency.

The Honourable Mr. Lallubhai Samaldas said that they had no time to read the paper and moved that the discussion on it might be adjourned to the next day.

The motion was carried.

His Excellency the President :—Before we adjourn, I would say that it has been a matter of extreme interest and satisfaction to me to be here during this morning's proceedings and to have listened to the various remarks that have been made on the papers and resolutions which have been moved. I sincerely hope that as a result of today's and tomorrow's meeting the force and strength and the activity of the co-operative movement will be increased throughout the Presidency ; and I would further add that I endorse every word which Mr. Gandhi said with regard to his view that we must always keep before us in this co-operative movement what is the essence of it all, and that is its moral aspect. And this I would urge upon you very strongly indeed, because there may be a tendency to look upon it as a means of getting somebody out of difficulties. If we find, as I found at Hadapsar, that the real

benefit from every point of view is to the villager, let us have societies in villages throughout the length and breadth of the Presidency—villages full of people contented, happy and self-respecting, and we shall be satisfied with the excellence of the co-operative movement.

It is a great satisfaction to me to find that I am going to have the opportunity of making a closer acquaintance with you tomorrow afternoon at Ganeshkhind.

The Conference then adjourned till 11 o'clock on Wednesday the 19th September 1917.

The papers classed as items VII, VIII and IX were referred to Sub-committees which met at 3 p. m. in the afternoon under the chairmanship of the following gentlemen:—

Sub-committee on item VII—The Chief of Ichalkaranji.

Sub-committee on item VIII—Mr. C. N. Seddon, I. C. S., Commissioner, C. D.

Sub-committee on item IV—The Honourable Mr. Keatinge, C.I.E., I. C. S., Director of Agriculture.

2ND DAY, 19TH SEPTEMBER 1917.

The Conference reassembled at 11 o'clock, under the Presidency of the Honourable Mr. G. Carmichael, Member of Council.

The Honourable Mr. G. Carmichael:—I open the proceedings of the Conference. We will now proceed with the discussion of the reports of the Sub-committees.

VII.—Scheme for the Secretaries' Training Class.

The report of the Sub-committee was as follows:—

We have gone through the paper submitted by Mr. N. M. Joshi, B.A., Member, Servants of India Society, and recommend the adoption of the scheme prepared by him, subject to the following changes:—

- (1) Honorary organizers and other co-operators should have three members on the Board as representatives of primary societies.
- (2) Trades, the knowledge of which is essential for the development of co-operation, should have one representative on the Board.
- (3) The Chairman of the Committee should be elected by the Board and need not necessarily be a non-official.
- (4) The Board should have a Vice-President elected by it and not a Vice-Chairman.
- (5) Elementary accountancy should be included in item D of the Junior Course.
- (6) For the first three years; the Senior Course should be held in Bombay, subject to the discretion of the Registrar as regards the holding of the Senior Course at other centres.
- (7) The Junior Course should be held at Broach instead of Ahmedabad. As regards Belgaum, it may be held either at Belgaum or Dharwar at the discretion of the Registrar.

Present:

Narayanrao Babasaheb, Chief of
Ichalkaranji.
S. D. Garud.
G. K. Devdhar.
R. G. Naik.
V. H. Gonehalli.
R. N. Rajadnya.
V. N. Jog.
R. K. Inamati.
C. B. Huli.
C. S. Shirhatti.
L. K. Bhagwat.

Durlabhaji R. Desai.
K. D. Sethna.
K. S. Gore.
N. M. Joshi.
B. V. Rayakar.
B. V. Mehta.
Govindbhai H. Desai.
Gopalrao L. Mirikar.
R. S. Hiremath.
Atmaram S. Wagh.
Abdul Mazid Khan.

The Chief of Ichalkaranji :—Mr. President and brother co-operators,—I was asked to be the chairman of the sub-committee on the paper submitted by Mr. M. N. Joshi on the Scheme for the co-operative secretaries' training class. Out of 32 members on the sub-committee about 28 were present and we have recommended the adoption of that paper with a few modifications. Those modifications have been signed by 22 members and our proposals have been passed by a majority, and there was no dissentient voice.

I shall briefly state to you the modifications that have been recommended. Mr. Joshi's paper is before you. The first item which elicited considerable discussion was as to how the seats on the committee should be distributed, and after some deliberations we have come to the conclusion that the honorary organizers, who had only two members, should be given one more, and that we should add in their category the promoter of societies also. In order to restrict ourselves to the number 15 we have cut down one member from the representatives of trades, the knowledge of which is essential for the purpose of co-operation.

The next change is that whereas it was put forward that the chairman of the committee should be elected, and that he should be a non-official, and should have a casting vote, we did not think it proper to restrict the choice to non-official members because in case an official was elected there should be no bar, and with that view we thought that the chairman of the committee should be elected by the board and need not necessarily be a non-official.

Another change is to have a Vice-President and not a Vice-Chairman.

Then we have added one more subject, elementary accountancy, to the subjects recommended for the junior course. We cannot claim that we have added the subject but we have made the point clear.

Then there was a considerable amount of discussion as regards the place where the senior classes were to be held, and though it was on the whole thought desirable that for some time the classes should be held in Bombay, I am glad to inform you, gentlemen, that several persons came forward with a liberal promise to help in case permission was granted to hold the classes in other places, and to support them with money, and also to get people to study or give lectures; and Mr. Ewbank, who was present at the deliberations of the sub-committee, readily acceded to this demand. We have therefore altered the wording of that clause so that any set of people who are anxious that these classes should be held in their own towns, and are ready to spend money and organize the same, can do so in consultation with the Department and for this reason paragraph No. 6 is proposed.

Then with respect to junior classes, we have made only slight changes. So far we have selected Broach instead of Ahmedabad as it would be a more suitable place to hold these classes and we have left discretion to the Registrar as to whether the classes should be held in Dharwar in preference to Belgaum.

With these slight modifications I beg to recommend to you, gentlemen, that the paper submitted by Mr. Joshi be adopted with the amendments that we have just now submitted for your consideration.

Mr. Rajadnya :—I suggest that elementary accountancy should be included in the junior course.

Mr. Devdhar :—I am against its inclusion in the junior course.

Mr. Ewbank :—Gentlemen,—Mr. Rajadnya suggests an amendment to paragraph 4 of Mr. Joshi's paper on co-operative secretaries' training classes. His proposal is to include elementary accountancy in the junior course. This is a small point of detail. It is as a matter of fact included already in the leaflets included in the syllabus of the course.

In these circumstances, I think, that while we agree with the proposal of Mr. Rajadnya, the point is too small for consideration by this Conference.

The Chairman :—In view of the explanation by Mr. Ewbank I hope the mover of the amendment will kindly withdraw his amendment.

Mr. Rajadnya :—I withdraw my amendment.

Mr. Ramnikrai Mehta :—Mr. Chairman and gentlemen,—I beg to propose an amendment which runs as follows: "As regards Poona the class may be held at Baramati or Poona at the discretion of the Registrar."

Mr. Ramnikrai Mehta's amendment was put to the vote and carried.

The Chairman then put the adoption of the report of the board to vote and it was carried.

VIII.—Co-operation with Native States.

The Report of the Sub-Committee was as follows :—

That it is unnecessary to consider the application of Act II of 1912 to Native States, as this is clearly impossible. But on the other hand if Native States wish to adopt an Act in their own territories of the same kind as our Act there is no reason why they should not do it. It is believed that in the larger States such an Act has been very usually enacted. But any Act of any Legislature can only apply to the territories under the authority of that Legislature.

While we recognize that it is desirable to assist Native States and their subjects we think that any particular suggestion should emanate from such States. It is not desirable or possible for us to take the first step. With regard to particular suggestions the following remarks are offered :—

(1) There is no objection to the Registrar and his Assistants helping societies in Native States so far as they can arrange it without detriment to their other work. But it is not possible to guarantee or promise such help in all cases, for these officers have work of their own which is constantly increasing and is already very extensive.

(2) There is no objection to inviting the representatives of Native States to common conferences. They may be given any assistance in the way of training and discussion and any other way that may be possible, subject to the condition that this should be done at the expense of the States benefited.

(3) That the Central Bank cannot finance societies in Native States by its agreement with the Secretary of State, and that it is not desirable that it should unless the Registrar has complete control over such societies, and this appears impossible to arrange.

(4) That other minor facilities should be considered on their merits if and when any State applies for such facilities on behalf of any of its subjects or institutions.

Mr. C. N. Seddon :—Sir, I beg to propose the adoption of the report of the second Sub-committee, appointed to consider Mr. Jadhav's paper about Co-operation in co-operation with Native States. In the first place, I would like to explain that by a peculiar accident my name appears as the only name below the report. That is due, I think, to the hurry of printing which has resulted in other signatures not being printed; in fact, there was no time to get all the signatures printed. But I believe I am justified in saying that the report is the report of us all.

Now, of course, Mr. Jadhav complains of the disabilities that people suffer from living in smaller Native States, and I am sure that we are all—I mean those who understand the disabilities—very anxious to do all we can to remove them, but the fact of the matter is that these disabilities apply not only in the case of co-operation, but also in most other branches of administration. They are inherent in the system under which a large number of people live in small Native States. Mr. Jadhav calls our attention to the need of amending Act II of 1912 so as to cover the area of Native States. Well, in our report we have said that it is not possible to make any Act of any Legislature applicable to any territory other than the territory controlled by that Legislature. That seems quite clear. Of course, most of the Native States, the larger Native States have their own Act corresponding to our British Act, and that is the only thing that can be done as far as we can see. It does not meet the case because it does not bring us together exactly, but in the circumstances that exist there is nothing else that can be suggested. They can have their own Registrar, and if they are not large enough for having a Registrar, they must couple the duties of the Registrar with some other duties. There seems

nothing else to be done. Now, in other matters the Committee was of opinion that we could not do anything very much on our own initiative. It is necessary that the first steps should be taken by the Darbars of the States that are affected. If they make any proposals in the regular way, I am sure that Government would be very ready to consider what can be done to meet their wishes, and I am sure that the Registrar and his Department would do all they possibly could, bearing in mind, of course, that they have got as much as they at present can manage; and they will help the Native States if they can do so without detriment to their duties. But, subject to that, I am sure they would give, and Government would be likely to give, any assistance they could to Native States.

Then, we think there is no objection to inviting representatives from Native States to common conferences and to give them any possible assistance in the way of training and discussion, to give them a corner in the Co-operative Magazine, and anything of that sort that may be possible.

With regard to the Central Bank, we understand that the Central Bank cannot finance societies in Native States, and we think that it is impossible that it should finance such societies unless the Registrar has complete control over such societies, and this also it is quite impossible to arrange.

Therefore, with this explanation I submit to your approval the report of the sub-committee.

The Chief of Ichalkaranji:—I have nothing to say about the sub-committee's report, but the reason for it is that Native States do get what assistance could be rendered from the Registrar. The Registrar is always willing to give assistance, and the Agricultural and all other Government Departments are always willing to assist so far as it can be done without entering into political questions. It is already being done.

Mr. G. K. Devdhar:—I may add a word with reference to the attitude of the Co-operative Department with regard to Native States. In connection with training secretaries, etc., we had some difference of opinion in the beginning, but ultimately I was able to press the claims of the Native States so far as training in this Presidency is concerned, and my friend Mr. Ewbank was quite willing to extend to them the privilege of sending secretaries for training last year. But this year it must be said to the credit of Mr. Ewbank that of his own accord in the training class where 60 students are admitted he has allowed us to take 10 from Native States. What I would, therefore, like to urge upon my friend Mr. Jadhav is that we are already moving in the direction of Co-operation in co-operation with Native States. Therefore I support the adoption of the report that we have now heard.

Mr. B. V. Jadhav:—I am very thankful to Mr. Seddon and the Committee for giving a very sympathetic consideration to my paper. Of course, it is a very knotty question how to deal with matters in Native States, and I do agree that it is almost impossible to extend British legislation to subjects in Native States. But I am afraid that the last paragraph of my paper was not very happily worded. All I wanted to say was that societies registered in Native States should be allowed to enjoy the same privileges as societies registered in British territory. For instance, societies registered in British territory are exempt from income-tax and are exempt from stamp duties in transactions within the British area, but societies registered in Native States are not granted these privileges or advantages, and one point of my paper was that the same considerations and the same treatment should be shown to the societies registered in Native States. Now, for instance, some societies in Native States have purchased Government paper, and when they realize interest on that paper they have to pay the income-tax unless they have exemption certificates that the total income of the society in British India is not over Rs. 1,000. Well, it is a very small matter and such certificates are granted very readily by the Political Agent, but I think that such distinctions should not be made and some way should be found out to avoid all these small difficulties. I am extremely grateful to the Co-operative Department for the assistance they give to Native States. It has been sufficiently acknowledged by the Chief of Ichalkaranji and by Mr. Devdhar, and I also give my thanks for the same. I

hope the Department will continue their support as before and some arrangement might be made by which minor difficulties will be removed.

The Chairman :—Before I put this resolution to the vote I just wish to say that what Mr. Seddon has stated is the attitude of the Government in this particular matter, and I am sure that the co-operators in Native States will be given every possible assistance from our Department, so far as that can be done.

The report of the Sub-committee was then put to the vote and carried unanimously.

IX.—Social and Educational Activities of Co-operative Societies.

The Report of the Sub-Committee was as follows:—

The Committee favour the idea of an organization of the nature suggested in the paper. This organization should have its headquarters in Bombay City, but may extend its operations throughout the Presidency.

Objects of the Organization—

A.—Co-operative Propaganda—

- (1) A library of Co-operative literature,
- (2) Co-operative Publication,
- (3) The organizing of Co-operative meetings, lectures, conferences, etc.
- (4) The training of Co-operative Secretaries and Workers.

B.—The promotion of social and educational advancement in Co-operative Areas.

C.—Organizing and supervising affiliated societies in Bombay City.

D.—Affording advice and guidance in Co-operative matters when requested to do so.

Constitution—

Societies and individuals may be elected members subject to the payment of such donations or subscriptions as may be prescribed. The Committee of Management to be elected by the general body of members, and the President and Secretary by the Committee.

Finance—

Sources—

- (1) Subscriptions of members.
- (2) Donations.
- (3) Subventions of Government (as already given for specific objects), and grants by Provincial and District Banks.

The difficulty of the scheme lies in the finance. The beginning must be in Bombay. If a substantial fund can be raised in Bombay to start with it will give the scheme a much better chance of success than would otherwise be the case.

A small Committee should be appointed to draw up a detailed scheme on the above lines.

Present :

G. Keatinge.
B. I. Kamat.
K. B. Bhadrapur, A.R.S.D.
P. K. Jambhekar.
S. D. Wadeyar.
M. R. Tarkunde.
A. U. Malji.
S. A. Brélvi.
Vaikunth L. Mehta.
S. S. Talmaki.

K. B. Ankaligi.
V. S. Gokarn.
G. G. Bandivadekar.
R. B. Palekar.
V. S. Kembhavi.
S. S. Naik.
Appasaheb Bahadur Desai.
Ramnikrai N. Mehta.
M. R. Upalekar.
D. S. Unde.

The Honourable Mr. Keatinge :—I rise to propose the adoption of the report of the Sub-committee No. 3. The report of the Sub-committee is

unanimous but it must be confessed that that unanimity was obtained by omitting reference to certain other matters on which complete unanimity was not possible. In the first place, we all cordially agree with the idea that an organization with its head-quarters in Bombay which would be at the axis of the co-operative movement and undertake co-operative propaganda would be a useful one, and the idea should be encouraged and a definite effort should be made to bring it into existence. It will be noticed that we talk about organization and not of federation, the word given by Rao Bahadur Talmaki. Though it is the nucleus of a federation, we think the proposal in the first instance should be to start it as an independent organization. However, the exact name is not a matter of great importance. We have tried to put down a few definite statements as to what the objects of the organization will be. It will be seen that it consists of the promotion of propaganda and the promotion of educational and social advancement in co-operative areas. This is rather a vague term and we found it impossible to know what it meant. This particular form of activity is closely connected with the subject of finance, and it was suggested at the meeting that unless a considerable sum could be raised or until primary societies have considerable funds at their disposal, it will be difficult to get a considerable move on in this direction. Then as regards (C) organizing and supervising affiliated societies in Bombay City, it was recognized that this organization will have its head-quarters in Bombay itself and would undertake activities of a more primary nature there than were indicated for the Presidency as a whole. There it would be a question of primary organization and the society as a whole would be more of an advisory nature and would enter into those activities which were already in existence. That is the general idea. Lastly, its duty would be to afford advice and guidance in co-operative matters when requested to do so. Then there remains the question of Finance, which is of considerable importance. Opinions in the Sub-committee differed as to whether large sums would be necessary to start with. Some members expressed the opinion that very little would do to start with. Other members were inclined to the opinion that we must have a very substantial sum to start with if any real progress were to be made. We did not agree in the Committee, but I think it would be very desirable if a considerable sum is collected in the beginning; otherwise I do not see how we can obtain the results intended. We have had something of the same experience with the Central Agricultural organization which aims at doing similar work for agricultural organizations as this organization will do for primary societies and other co-operative organizations throughout the Presidency, and we find that we have been handicapped in this Presidency by not having sufficient funds to maintain an Organizing Secretary who will carry on continuous and sustained work, and by not being able to obtain from members of the Committee an organizer who could carry on continuously. Well, it occurred to some of us, at any rate, that the present time, being one of prosperity, might be a good opportunity to get considerable funds to start this movement. Some of the societies in Bombay will no doubt benefit by the location of this organizing body in their midst, especially if it is able to secure funds so as to start a library, etc., as suggested. They might be prepared to put down fairly large subscriptions. It was considered that probably the small societies in the mofussil would not, in the first instance, be in a position or be inclined to furnish large subscriptions. Finally it was suggested that a small Committee be appointed to draw up a detailed scheme on the above lines. I believe Rao Bahadur Talmaki has definite suggestions as to the names of the gentlemen who should be on the Committee.

Mr. Chimanlal Harderam:—Mr. President and gentlemen,—I beg to suggest only a few additions to what has been placed on the agenda:—

(1) Instead of "Library of co-operative literature" I humbly suggest that it should be in its place "Library of co-operative and agricultural literature."

(2) Instead of "Co-operative publication," "Co-operative and agricultural publication."

The Chairman:—I think that it is somewhat outside the business of our Conference.

Mr. Harderam :—Co-operation and agriculture are allied subjects, and all co-operators are agriculturists ; if the subjects are dealt with together it would be better for their moral and material improvement.

The Chairman :—I do not think I can accept the amendments proposed. After all this is a Co-operative Conference and the amendment is merely a suggestion, not a scheme. I therefore propose to put the adoption of the report to the Conference.

Report of the Sub-committee No. 3 was then put to the vote and carried.

Rao Bahadur S. S. Talmaki :—I beg to propose that a small Committee for taking steps in accordance with the report of Sub-committee No. 3 be appointed consisting of the following gentlemen :—

The Registrar of the Co-operative Societies.
 Sir Fazulbhoy Currimbhoy, Kt.
 The Honourable Mr. Lalubhai Samaldas.
 Mr. G. K. Devadhar.
 Myself.
 Mr. V. L. Mehta of the Central Bank.
 Mr. Narottam Morarji Goculdas.
 Dr. Sir Stanley Reed.
 Mr. Sane of Barsi, one of the Honorary Organizers.
 Mr. Govindbhai-Desai, representative of the Native States.

You will find from this proposition of mine, gentlemen, that we have not forgotten the Native States, and in this matter we will be ready to co-operate with them, and they too, it may be hoped, will give us all the necessary assistance in drawing up our programme and coming to some satisfactory conclusion in starting the institution that we have in view. With these remarks. I propose that the Committee be appointed.

The motion was put to the Conference and agreed to.

V.—The Co-operative Movement and Local Self-Government.

[Discussion resumed from the previous day.]

Mr. Sane spoke as follows :—Mr. President and gentlemen,—The writer of this paper is very anxious to avoid any controversial matter of any political or religious character from our movement of co-operation but at the same time he is anxious that as the movement has grown for the last 12 years and has got some public confidence it should have some recognition in connection with certain measures which are likely to be adopted by Government, and therefore he has asked for recognition only to the panchayats to the taluka local boards and the district local boards. He has included the words "district advisory councils."

I do not rise to oppose the proposition, but I rise to oppose the inclusion of municipalities.

The President :—May I point out that the resolution only refers to the District Local Boards Act?

Mr. Sane :—There will be some difference of opinion on the question of municipal franchise, because the taluka local boards and district local boards are more or less considered harmless. The people do not take so much keen interest as they take in municipal matters, and we know that there are parties and factions in municipalities. The area being small, interest is more or less taken and there are more or less speaking, in every town, parties and factions. If you want to avoid the co-operative movement being dragged into all these things, I only suggest to you whether it would be desirable to give them municipal representation. So far as talukas and districts are concerned, I have nothing to say, but so far as any controversial thing that is likely to occur in municipalities is concerned, I submit for the consideration of this Conference whether it would be prudent and wise to include the municipal areas in the movement.

Rao Bahadur Chitale :—Mr. President and brother co-operators,—I was listening to many speeches, and we have read a lot of papers. We are told that the co-operative movement has succeeded and has come to stay. If therefore it is based on a moral force, as it should be based, it has got a special interest. If the co-operative movement has a special interest, and if all special interests are to be represented on bodies which represent local self-government, I do not see why the co-operative movement should be excluded from it. If it is said that all of us who have assembled here have got only colourless political opinions, I think it would not be the truth. We have our opinions, but when we meet here we forget them, and we pin our attention to the particular points of the co-operative movement alone. Under these circumstances, do you believe that it will be a sound policy to divest the co-operative movement altogether from the things in which it must take an active interest? For instance, supposing the village panchayats are established, do you believe that the villagers, when the panchayats are flourishing in a proper manner, will not take interest in it? Of course, politics is also moderately involved in this movement, and I think if you wish the co-operative movement to run on proper lines, the soundest policy would be to allow these people to take part in such movements on a healthy and sound basis. You will remember therefore that the purpose of the paper and the resolution is that if the co-operative movement has a special interest to guard and has got special interests to look to, then it is necessary that in local boards and municipalities it should be accorded representation. If you look to the various papers that will be presently read to you you will see how all-embracing the movement is. Do you think it desirable that all that sort of thing has got no special interest to look after even in municipalities? I should decidedly say that it has an interest which deserves a special recognition and ought to be recognized by us all.

I am not at all afraid that the movement would go on bad lines if we allow the members of the managing committee alone to exercise a vote. Remember the distinction that is made. We do not wish all members of the co-operative societies to be given representation, but we only say that the members of the managing committees, who have learnt to wield responsibility and speak in a responsible manner, should be given the right and privilege of election. Under that safeguard, if you think that the managing committees are able to wield other powers, I do not see why they should not be entrusted with this privilege also. If therefore you confine yourself to a small electoral college such as the members of managing committees of several societies, I should think that they have got the inherent right.

Now, if you look into how these managing committees are formed, I daresay you will find that two-thirds of their members possess the privilege now in one capacity or another. For instance, on taluka local boards you know that members who pay a certain tax are given the franchise. I take it that if you analyze the members of the managing committees you will find that many of them do possess the qualification. Where is the harm then if we say that those very members who have got that privilege in another way should exercise it on behalf of the co-operative movement? With respect to municipalities, in societies which exist in big municipal towns you will find that the members of the managing committees who control them have already got the privilege of electing or voting. If so, where is the harm if you give this privilege on behalf of the co-operative movement? Therefore I think it would be very wise to recognize societies for representation, because they have a special interest, and therefore I commend the resolution to your adoption and I am perfectly sure that you will adopt it.

Mr. Walvekar :—Mr. President and gentlemen,—The co-operative societies have no doubt an existence in the eye of law as well as in the eyes of the public. Now, the question is whether co-operative societies should be given the privilege of electing members to the municipalities and also to the local boards on their behalf. I think, in view of the circumstances existing in the local boards and also in municipalities, specially in election matters, it is not at all advisable that such a privilege should be asked for. The question which we should put to ourselves is whether the co-operative societies are strong

enough to resist the temptation of identifying themselves with the members of the parties in the municipalities and the local boards or taking interest in their disputes. You know what sort of disputes take place in election matters, and you know what kind of interest is taken in the election matters. My own experience is that the co-operative societies are not yet strong enough to resist the temptation of taking part in the disputes, or in the factions or any other unpleasant things which occur in the case of municipalities. It is quite necessary for the proper and healthy development of co-operative societies that they should not involve themselves in these factions and disputes, and they should be free from these local disputes. So for these reasons I suggest that we have not yet arrived at a stage at which these societies should be given the privilege of electing a member to the municipalities or local boards. For some time more they should be quite free from all the disputes and factions that exist in the case of municipalities and local boards.

Dr. Lokre:—Gentlemen,—The question that is now before us is the relation between civics and the co-operative movement. Whether persons taking part in co-operation should or should not be citizens, that is practically the question; and looking to the state of the co-operative movement and the educational effect it has on the human being in general, would you think that a man who is being trained as a co-operator is unfit to be a citizen? Would you deny him the right of an ordinary citizen? You say you want the co-operative movement for educating the people, for giving them an uplift in society, for giving them the first lessons in political education. Would you then deny them the privilege that is asked for by the proposal that is now under consideration? That is the question.

Secondly, as regards political disunion that many of you have been discussing, allow me, gentlemen, to say that the life of a man is never monotonous. You have been seeing it every day. Can you dissociate yourselves from ordinary matters of life in which you are connected with each and every thing in the outside world? Is politics something beyond it? If you want yourself to be a social unit, to be a worker in the society, a man interested in the welfare of the society, would you dissociate yourself from politics? Well, I think many of you would agree with me in saying that politics is absolutely necessary for the well-being of the general masses. If you do not, well, I am sorry I shall have to call you pessimists.

Thirdly, it is said here and by some writers that the co-operative movement has created mischief, that it has been taken advantage of by certain political parties, and so on. It may be in one or two countries, but what is the general effect? Those of you who have read the history of the movement will always find that the general effect has been a wholesale uplift of the community. In India as we are today 95 people out of 100 are illiterate. That an ordinary man should know how to transact his own business is the first thing that the co-operative movement aims at. Many of the people of the present generation, that are not yet in touch with the movement, will be acquainted with it by education in the co-operative movement. Now, at such a stage, therefore, would you not give them a chance of having further lessons? If you deny them the further lessons, your aim is practically null and void. When you come near it you say you don't want a further lesson. Are you going to deny them this privilege? That is my question to all the co-operators.

Now, as regards the electorate Mr. Devadhar has suggested, he plainly says therein that the members of the managing committee shall from the constituency. The only point that I have to bring to your notice is that after receiving education in the co-operative movement for a certain stage, those people who have already got such sort of training are the better fitted people for taking further part in public life. Disunions and disputes there are bound to be. Even in one house two brothers cannot always agree with each other. What you have to do is to wade your way through all these difficulties. In the life of a nation difficulties are always to be expected. If you do not want to overcome them, and learn for yourselves how to overcome them, I do not think we shall have any progress in life.

With these words I support the resolution.

Khan Abdul Majid Khan:—Mr. President and gentlemen,—The very first question which rises in my mind on reading this proposal is: "Are we co-operators a separate body from the villagers?" The answer to this question will solve the whole problem. We are admittedly not a separate body from the villagers. If we have got really a moral force, we must have our followers in the villages. Asking for these rights is, I think, begging the rights, which is against co-operation. If we have got a moral force we must have our rights and we must have the villagers and the rayats to back us.

I will not go to examples outside India, but will give the example of the Punjab. There are three districts. They are Jullunder with 475 societies, Hoshiarpur with 450 societies, Gurdaspur with 590 societies. In all these three districts more than half the members on the district boards are co-operators. As they had a moral force on the members, the other villagers were bound to follow them. We are their representatives; we are not a body separate from those villagers.

Taking the case of municipalities, I give you the example of Jullunder city. It has been divided into 16 different mohallas and bazars. We have got 16 societies working in Jullunder city proper and there are now, out of 10 members of the municipality, 3 belonging to co-operative societies. Then going on to the Legislative Council, out of 11 non-official members, 3 are belonging to the central banks. There is no reason why we should ask for a separate electorate here, while it can easily be worked without it.

What I mean to say is this: that in putting this proposal we are separating ourselves from the other villagers and rayats and we are denying that we are their representatives. The point is that we are the representatives of the villagers and the rayats. Therefore I conclude by saying that if we have got any moral force in the villages, the natural result must be that the villagers must follow us, and then the natural result will be that co-operators shall come on these bodies automatically.

Mr. C. N. Seddon:—I should like to say a few words from the point of what the last speaker has said. I do say it with some fear and trepidation. I feel that it is rather a difficult matter to throw myself into the middle of this storm of eloquence, but I should like just to emphasize what he has said and to add my word to it. I do not propose to say anything about the desirability of keeping yourselves apart from political faction and political intrigue and political feeling. That has been emphasized by others, and I myself feel perfectly sure that for healthy development you had better, for the present at all events, keep clear of that. What I specially want to ask you is what is the need for this special representation? *Mr. Chitale* said: What is the harm? What is the need? I want to know. Co-operators are, after all, simply the people who vote and elect members to the local boards and municipalities. They have their vote. I should think that from their position and from their opportunities they are certain to take the lead. I should like also to point out that if you once begin by representing interests you never know where to stop. Co-operation of course is a great interest, and it is far from me to belittle it or to say anything which will indicate any doubt as to its importance. But there are other interests to consider with regard to special representation. There is education and law. There are all sorts of other interests, and if you once begin by representing one interest I do not know where you are going to stop, and therefore I think it would be very much sounder that you should in the first place, in order to avoid the entanglement of parties, keep yourself as far as possible from it, and I think for the healthy development of our local self-government it would be far better that they should as far as possible have their representation territorially rather than by separate interests.

Mr. Nalavde:—Mr. President and gentlemen,—I would like to say a few words in favour of the proposal brought forward by *Mr. Deodhar* from a practical point of view. What is the intention of co-operation? Why should we have the development of co-operation in villages? Of course, it is with the intention of developing the village communities socially, educationally and financially. Of course, financially we mean to have roads, tanks and wells that will serve to improve the village community. I think that is the

ultimate intention of the co-operative movement in villages. That is why the co-operative movement is intending to have a reserve fund. Of what use will this reserve fund be to the village community? Of course in times to come we shall have to use it for the general benefit of the villagers. What would be the general benefit in which you can utilise this amount? I think it would be in the way of having wells, tanks, roads, schools and so on and various other purposes. Then, what are the functions of the local boards? I say that the two functions in this connection do coincide, because the local boards also are looking to the benefits of the villagers in having wells, roads, etc. When the two functions coincide, I think it is better that the two boards also should work together because if there be no representation of Co-operative Societies on local boards, the local boards may not be in a position to know what is going on in a village from the co-operative point of view and what the co-operative societies are doing in the interest of that village. If we have a member from the co-operative societies on the local board, the local board will know what is going on in such villages. And so, from a practical point of view, I think the two functions do coincide and so I support the proposal that there should be representation of the co-operative movement on local boards, both taluka and district.

The Honourable Mr. Lalubhai Samaldas Mehta here moved an amendment to the effect that the discussion on this question should be adjourned for a year until the next Conference and the Conference should pass on to the next item of business.

The amendment was put to the vote and lost.

Mr. Deodhar replied to the debate as follows :—*Mr. Chairman* and friends,—I am glad that we had some lively discussion on this question, though it has been described by some friends as an apple of discord. You all know that I am as anxious as anybody else to avoid even the remotest chance or any element that is likely to introduce into the movement anything like discord, difference or disturbance, and those of you that have read my paper will have clearly seen that I have tried my best to prevent all matters of controversy, political, religious or social, from being introduced into the co-operative movement.

Among the speakers that have spoken on this resolution there are some that honestly hold views with which I cannot agree and they are people to whose views I am bound to pay the greatest heed.

The Chief of Ichalkaranji while speaking against this resolution yesterday pointed out that I have not given sufficient attention to the progress this movement has made in Ireland. His remarks were due to the fact that the paper was not read by him at that time, which was not his fault but my fault, for which I apologise. Well, in my paper I have given four or five quotations from Ireland in support of the view I have advocated because I think in a matter of this sort it would best serve my purpose to give parallels of countries the conditions of which are more or less similar to the conditions which obtain in India.

Well, on the other side, I do not know why my friend *Mr. Lalubhai* has taken to the course of adjourning further discussion on my resolution. From this I do not think he is opposed to my resolution, but that he thinks if it is postponed it may have some chance of success. So I take it that he is not against it.

Then as regards the caution that was uttered by my friend *Mr. Ewbank*, I think he was perfectly right. We are all anxious that nothing should be done by us which will introduce an element of discord into this movement, and if anybody will convince me that the adoption of my proposal is likely to bring about that effect, I shall at once withdraw it and will not land the co-operative movement in a position which would not be suitable to its healthy growth. But personally I do not think that the adoption of my resolution is at all fraught with such danger. It is not the co-operative movement that is going to be affected by its taking part in local self-government. What we ask is that one or two members of the co-operative societies situated in a taluka or a district are to be elected to represent not necessarily the side of the co-operative movement, but to be elected to the local bodies such as taluka and district

boards with a view that they might bring their own experience, their administrative knowledge and other capacities which they have developed as co-operative workers to bear upon the work of local self-government. My argument is that if you carefully read the speech of the Viceroy which was recently delivered in the Imperial Council, you find something like an invitation to the people to come forward, because local self-governing bodies are going to be extended. Their franchise is to be extended, and if that is to be made a success, certainly the best type of people trained in business capacity, management and experience of the world ought to come on the local boards, whether they be taluka local boards or district local boards. Then the third reason is that there is now before the Government of Bombay—and I also know before the provincial Governments of Madras and United Provinces—certain legislative measures which include provisions for forming the co-operative movement into a separate electorate. Well, if that is going on, I am not prepared to shirk that responsibility, because in my opinion the functions which a co-operative credit society has to perform are not materially different from the functions for which local self-governing bodies have come into existence. An experiment was tried in Madras by the local Government there in extending the franchise to 20 co-operative societies. So I do not personally think that the functions that are being discharged by local bodies, like taluka and district boards, are very much different from the larger functions of the co-operative movement. You have all adopted the paper which was read by my friend Rao Bahadur Talmaki in which he complains that the co-operative movement is confining its activities to the economic side only, to what is called economic relief. He is not satisfied with that progress and he wants the moral and social sides to be taken up also, and I would even go further and say that there is still another direction in which the co-operative movement should be extended. What we want is this:—Government is now anxious that the local self-government should be a great success, and if that is to be a great success, let it be a success in every way in which we can make it. There is an invitation from the Indian Government in this connection, and the Home Government, as you all remember, in issuing their recent declaration of policy concluded by saying that we are an intelligent people, but we have not got a class of voters fitted to represent people in those representative assemblies. Well, here is an opportunity for the co-operative movement to create that class, which will consist of men not only with certain ideas, but men who have tested those ideas, men who have developed capacity for working out those ideas, and men who understand the affairs of the world. Well, I say when we have such material ready, why not utilise it for making local self-government a success? Up till now what happens is this. In the taluka or district local boards, I must admit, either people absolutely ignorant of what takes place come there, so that they will have to vote one way or another without knowing the real and correct position, or people come there who have not identified themselves with the interests of the villager or of the agriculturists, or men with more or less town education and town sympathies. If you, therefore, adopt the co-operative societies as a particular interest confining the field of election to the members of the managing committees of the societies, you will have for the service of local self-government men who will have been trained in all the necessary qualities required for making local self-government an efficient administration, and at the same time they will be people who really ought to take interest in those affairs. Local self-government is more or less confined to making roads and tanks, digging some irrigation works, and starting schools and a number other things. I am not talking mere cant. You must have heard about the Hadapsar Society being called a complete success, but even Hadapsar is not a complete success as a society in my opinion. What I mean is this: Have we not come to that stage when we can entrust these men with small works on their own initiative and we can have real villagers taking part in their own local government? It is, after all, an opportunity for them to do what ultimately is their duty. It is not as though this privilege, which we demand, is in return for the service which we have rendered, and I would accept that amendment of Mr. Sane if he were to put it. But what I mean is that an opportunity ought to be afforded to these co-operators to discharge a function which is one of their own functions and which they are eminently fitted to discharge.

With these few words, gentlemen, if you agree, I will accept Mr. Sane's amendment, although my friend Rao Bahadur Chitale seems to be against it. I am not in favour of postponing the resolution; but if you all feel that the question is likely to introduce an element of discord in the co-operative movement, then I can withdraw the resolution.

The Chairman (Hon. Mr. Carmichael):—The Hon. Mr. Curtis, I am sorry, has been unable to come here to-day. I think he proposed to make some remarks on this resolution, but I could not ascertain what they were. But I understand that the question has actually been mooted and probably will come up before Government for consideration. The opinion of this Conference will no doubt help Government in deciding that question. My personal point of view is that I do not see that Mr. Deodhar has made out that this experiment has been tried in any other country.

Mr. Deodhar:—Madras?

The Chairman (continuing):—I do not know much about Madras,—I very much doubt about the success of experiment there,—but you referred to Ireland and other places. My personal view is in agreement with what has been expressed by Mr. Seddon. I think it is rather unfair to give to members of co-operative societies representation to the exclusion of other persons in the village. If it is applied in this country,—in this Presidency,—I presume it will be largely not in recognition of the valuable services of the co-operative movement, but on account of the great difficulty which exists in India in obtaining a suitable electorate for service on the local boards.

The following resolution moved by Mr. Deodhar was then put to the vote by the Chairman:—

“That in recognition of the valuable services of the co-operative movement in this Presidency in the domain of economic improvement, moral elevation, practical education, administrative experience, and the development of the qualities of self-help and thrift on the part of the rural population and labouring class population in urban areas, the Bombay Government be requested to so modify the Taluka and District Local Boards Acts that when the time of revision comes as to secure direct and substantial representation to the co-operative movement within that circle.”

The motion was declared lost by a majority.

X.—Co-operative Stores.

Professor Kale:—In my brief paper I have tried to put in a plea for the extension of the principle of co-operation to distribution and consumption. So far the progress that we have made in co-operation has been more or less confined to credit societies and you must have seen even from the latest report on co-operation in this Presidency that co-operative societies started and conducted for any other purpose than supplying credit are very few: It was natural that attention should have been concentrated upon supplying the needs of agriculture; but after the many years that have elapsed since the inception of this movement, I think the time has come when vigorous efforts should be made for extending the principle of co-operation to consumption and distribution. There are several other papers that will be submitted to you to-day which also put in a similar plea. Dr. Mann for example is going to put before you his idea about the organization of the supply of milk. The need of extending this principle to consumption and distribution is very great. As you are aware, we have resorted to co-operation for the purpose of eliminating the middlemen, and what applies to the supply of credit and capital must also apply to consumption and distribution. Societies for consumption have made very great progress in other countries and there is no reason why a similar attempt should not be made in India also. Attempts have been made in many of the other Presidencies. Some of the societies started for the purpose of distribution are doing very good work, but many of the attempts have failed. There are various difficulties in the way of the organization of societies for consumption and I have pointed out what those difficulties are. We want for the management of societies for consumers and co-operative stores men who can devote a lot of time to the work of the society and men who have got

experience of business. Then also, we must make people generally to appreciate the advantages of co-operation for consumption and distribution. These are the difficulties we meet with, but I am quite sure that if greater efforts are made in this direction we are likely to succeed here also. The advantages that consumers are likely to get are I think patent. The advantages that cultivators derive from receiving cheap capital and credit and the advantages that consumers would derive from obtaining articles of good quality at a steady and reasonable price are I think valuable. At the present moment there is much waste going on; prices are never steady and articles of every-day use are adulterated; we are getting complaints from all sides about adulteration of ghee, so that even the arm of the legislature is being invoked to put a stop to adulteration. It may be, I hope, possible to organize the supply of these commodities at a steady and cheap price and to supply articles of very good quality. It is for this purpose that consumers have to organize themselves. For this purpose co-operative stores ought to be started. It is not possible to start a store in the beginning in villages, but there is no reason why similar stores should not be started in district and taluka towns. My friend Mr. Patwardhan will give you an example from the City of Poona where a store has been conducted for the last few years and is making eminent progress. I think if efforts are made, stores are sure to prove a success. I do not think it is necessary for me to take long over commending what I have to propose. The resolution which I have to put before you for your acceptance is:—

“That this Conference is of opinion that the co-operative movement has now reached a stage in its development when it is necessary to make vigorous efforts to apply the principles of co-operation to distribution and consumption and to start societies and co-operative stores in district and taluka towns where it is possible.” This resolution I wish to place before you and I hope it will commend itself to you.

We find from the last report of the Registrar on the Working of Co-operative Societies in this Presidency that credit societies both in rural and urban areas have taken deep root though the rate of progress in different parts of the Presidency may vary. It is therefore now time that we should devote our attention to other branches of co-operation, particularly the spread of co-operative stores. We have so long tried to help the producers; we should now make a beginning to help the consumers, especially as the present seems to me to be a very opportune time for starting the movement. The prices of the bare necessities of life have risen very high owing to various causes, while the profits of middlemen at various stages tend to double the price of an article in its passage from the producer to the retail seller. Any efforts therefore which are likely to lower this price and to give relief to the consumer, however small, are likely to be appreciated and understood even by the ignorant and the illiterate masses.

We should therefore make vigorous efforts to start shops for the retail sale of the staple food-grains and grocers' and drapers' goods on co-operative lines. One such shop should be opened at the head-quarters of each district town to begin with, and it should be open to members as well as non-members for some years, that it may succeed from a business point of view. The members of all the credit and non-credit societies, now in existence and started hereafter, in the district or at least such of them as are located within a radius of 20 miles from head-quarters, should support this shop either as members or purchasers, and in addition to dividends to members a portion of the profits should be divided amongst customers whose dealings in the year amount to, say, Rs. 20 or over.

It will not be out of place if I give you here a short account of a small endeavour made in this direction in Poona City itself. I refer to the Vastra Bhandar Co-operative Society's shop for the retail sale of cloth started by our indefatigable co-operator Mr. Deodhar three years ago. The difficulties against which we have been struggling are threefold—the lack of knowledge of co-operation on the part of shareholders, the want of a public spirited manager possessing the necessary qualifications for his post, and the want of sufficient share capital. To make it a successful business concern, the shop is at present open to members as well as to non-members, and though we sell to

members at concession rates under certain condition, their purchases only amount to a fifth of the total sales. Notwithstanding our difficulties our annual sales amount to about Rs. 20,000 or over and the gross profits amount to nearly Rs. 4,000 or a fifth of the total sales. Of these profits again three-fourths are spent in salaries, house-rent, interest on loans, insurance and other charges, leaving a net profit of Rs. 1,000. The actually collected share capital is about Rs. 5,000 at present, and if in course of time we collect the sanctioned amount of capital, namely, Rs. 10,000, we shall be able to make larger profit on a larger total outturn and thus be able to give a dividend of one rupee per share of Rs. 10 on a thousand shares. I may here mention that we have appointed a paid Secretary or Manager as we found by experience that it was impossible in a city like Poona to expect an Honorary Secretary to work from morn to eve and from day to day in a satisfactory manner. It is only in the case of a paid servant that we can exact timely work and enforce responsibility. We have also secured the help and co-operation of a leading cloth merchant in the city, I mean Shet Hanmantram Ramnath, owner of the firm of Tarachand Ramnath in Kapadganj, who has also become a shareholder of the society.

This brief account of a year's working will show you that if we make honest endeavours to start work from now we are sure to succeed: if we also anticipate our difficulties and try to select a few young men and train them in their work as apprentices and in the meanwhile try to collect the necessary share capital and secure the sympathy and support of a few public-spirited traders in the locality at the outset we shall have done everything to make a good start.

All this good work cannot, however, be accomplished without the initiative of Government, and if we wait till a real demand comes from the people themselves we shall have to sit with folded hands, at least a generation if not more. Government should therefore take the initiative as they did in the case of the rural societies and utilise the existing machinery and ask its officers, the organizers, and the leading co-operators to devote a portion of their time and energy in starting co-operative stores, and, then this new branch of co-operation shall have been placed on a firm footing within the next decade.

The existing rural societies which shall have made far greater progress during this further period and those that will be started hereafter shall be benefited by the object lessons placed before them and shall feel encouraged each to start a co-operative store by itself *in its real sense* and thus spread a net-work of these stores over the Presidency.

Mr. Gonehalli:—The resolution placed before the Conference by Professor Kale is one, which I expect will be accepted by all. There is however a very slight matter with reference to which I wish to propose an amendment. In the body of the resolution it is suggested that co-operative stores should be started in district and taluka towns. If you look into the report of the Registrar you will find that there are in the Ratnagiri District five stores and that all of them are village stores. Similarly, the Gokak Mill Stores Society is neither a taluka headquarter store nor a district headquarter store. Recently we have received applications for co-operative stores from villages in the Ratnagiri District and I think that the demand for such village stores will be an ever increasing one. In these circumstances I suggest to Professor Kale to omit the words, "at district and taluka headquarters" and in their place I would substitute the words "at such places as may be regarded as suitable for such stores"; This is only a slight amendment and I hope Professor Kale would accept it.

The amendment proposed was accepted by Professor Kale.

Rao Bahadur S. S. Talmaki:—I wish to say only one word with regard to the proposal that is placed before us. I am in entire sympathy with the store movement, but at the same time we must bear in mind one important fact, that, the conditions which favour the store movement in England are quite different from those in India. The success of the store movement in England was due to the fact that the large increase of the industrial population and the development of the industries themselves led to the neglect of agriculture and to the high prices of daily necessaries. One great requisite

of the store movement is that all purchases should be made in cash. On the other hand, in the case of our Indian villages where credit will be the uppermost factor, I doubt whether a store movement on the lines of an English store will be a success in our country. Of course, wholesale purchases, for the benefit of the agriculturist, retailed to them at credit, are quite distinct from the shop system in England. One important factor which relates to the success of that movement is the cash business whether in the wholesale or retail transaction. Another fact that accounts for success in England is the neglect of agriculture in England. They had to rely solely on foreign markets and that again brought a number of links in the chain by way of middlemen. The elimination of those links in that chain added to the profit of the consumer. But I do not think that there is such a vast difference between wholesale and retail prices in India as is found in England. Of course I am in favour of the store movement, but you should not expect the same standard of success in the case of stores here as in the case of England, and that is an important point to remember.

The Registrar of Hyderabad:—Mr. President and gentlemen,—I fully support the proposal, but there is one point to which I am absolutely opposed. One of the supporters said that in the store here they are providing things to non-members. Non-members find no position in co-operation. If they supply commodities to non-members, why not give out loans in the co-operative credit societies to them? We cannot call this a co-operative store. You may call it a co-operative shop. If you form a co-operative store it should supply only to the members. Our business is not to compete with the other dealers. We are simply supplying to the members and we must not supply to the non-members. If a sufficient number of members are not found to join in the co-operative store, then perhaps I would say that the time has not come to start it. If it is to be started, it must supply the things to the members only and have nothing to do with non-members.

Professor Kale:—Mr. President and gentlemen,—I shall first briefly refer to the last speaker. My resolution does not say anything about selling goods to non-members. I want to recommend to you the idea of starting co-operative stores. What the speaker therefore has said does not apply to the suggestion that I have put forward before you. It might perhaps apply to the shop, a description of which was given to you by my friend Mr. Patwardhan. So I do not think it is necessary for me to say anything further in connection with the remarks that he has made. But I may point out at the same time that if we were to wait till sales could be made only to members, and if non-members were absolutely to be excluded, then it would be impossible to make a start at all. It is no doubt desirable that sales should be confined to members. That is an ideal. But if we have not got the ideal state of things at the beginning, I think we must accept the state of things in which we are only making an approach to the ideal. We are sure that we are on the road to the ideal. I admit that sales should be confined to members, and the principle of co-operation requires that the sales should be confined to members; but at the same time there are various difficulties in extending co-operation to those branches of consumption and distribution. Therefore, at the beginning at any rate, it is absolutely essential that non-members should be allowed to make purchases from the co-operative shops. It must, however, be borne in mind that the advantages of the shop are not extended to non-members. They are only granted to members. Non-members have no voice in the management of the shop. Therefore, we do not depart from the principle of co-operation. I think I am perfectly in order when I say that the non-members are admitted to the purchases only because in the beginning we are unable to make the two ends meet. That is an initial difficulty. "If you cannot avoid selling to non-members, do not start a store"—That is a different thing. I do not think the majority will hold this view and I hope that you will support the resolution which calls upon all co-operators to make efforts for the purpose of starting such stores wherever it is possible to do so. They are wanted in villages. You know what a toll is taken by the village shop-keepers, how the people are cheated and dirty and shoddy goods are shoved upon them. The prices are also unsteady. Therefore, in order to protect their own

interests, they must combine. It is possible for them to save the profits which are going into the pockets of the middleman. It is a problem which has become very serious and insistent in India. In western countries the same difficulties are encountered by workmen. They are vast in India and the societies are therefore necessary.

With these few words I commend the resolution to your acceptance.

The resolution was then put to the vote and carried.

XI.—Co-operative Societies for Factory Workers.

Mr. H. V. Rajwadkar :—Mr. President, brother co-operators and gentlemen,—I must thank Mr. Ewbank for giving me this opportunity of placing before this Conference my humble suggestions in regard to the spread of our co-operative movement among factory workmen. My esteemed friend Mr. Deodhar must be given the credit of first introducing this important subject for discussion by this Conference. His were not empty words. He had already commenced some practical work even before he read his first paper on this subject in 1913. He had succeeded in moving this Conference in that year to lay down certain practical lines on which the work of starting co-operative societies among mill-hands might be conducted. Mr. Deodhar with the help of his fellow-workers in the Servants of India Society persevered in his laudable efforts and succeeded in setting up a few more societies for labouring classes in Bombay. He even succeeded in starting a Debt Redemption Committee of some very influential gentlemen with the distinct object of promoting this work; and in his second paper before this Conference in 1914 he made once more a very effective appeal on behalf of the labouring classes and set forth the need of the Debt Redemption Committee. The Conference again gave a very sympathetic ear to what he had to say, approved of his line of work, and recommended Government to grant an annual subvention for partially meeting the expenses of the Debt Redemption Committee for three successive years. The first report of this committee published in July 1915 gave a short account of the work done by it, and I have given the summary of its work in my paper. I could not get any authentic information about the work done by this committee during the last two years.

My humble object in writing this paper is to make a few practical suggestions with a view to spread the co-operative movement among labouring classes. It is my firm conviction that unless factory owners are persuaded to look upon this movement with favour and undertake to see that their employees take full advantage of it, it is not likely to spread widely among workmen and do them any substantial good. I am glad to learn from Mr. Deodhar's last paper on the subject that some far-sighted and well-disposed factory owners were willing to render help in spreading this movement among their operatives, and we have before us the very encouraging example of the owners of the Gokak Mills and Broach Mills, who have been taking parental care of the co-operative societies started for their operatives. I am very optimistic in this respect. We have only to move in the right direction. Our influential authorities have only to go a little out of their way and discuss with the factory owners the feasibility and advisability of starting co-operative societies for their operatives with the help of their own select and influential employees who are intelligent enough to grasp readily the main principles of co-operation and to conduct co-operative societies on approved lines.

While advocating this initiative on the part of the factory owners through their agents or managers, I do not for a moment think that co-operative societies to be thus started for each factory should be under their direct control. I perfectly go with Mr. Deodhar in thinking that societies started for workmen should enjoy perfect autonomy. My contention only is that they cannot thrive unless employers take parental care about their progress, lend occasional pecuniary help and encourage honest and capable workers in this field. I also perfectly agree with him when he says that no operative should be compelled to join such societies, and they should not be reckoned as departments of the factories. The control of the factory owners should not extend beyond provision on their part for efficient supervision of the independent working of such societies, from time to time.

Now as to one of the facilities which we are to get from the factory owners there is some difference of opinion. It is about recovering dues of such societies from their defaulting members at the time of their monthly payments. Some think that such help sought from factory officers who make these payments to their employees is against the principles of co-operation. But I do not see any violation of co-operative principles if, at the time of making advances to workmen, a distinct condition is laid down to the effect that in case they fail to pay their regular instalments, deductions from their or their sureties' wages will be made at the time of their monthly payments. My information is that in some factories in Bombay usurious moneylenders resort to this ruse by winning over factory officers who are entrusted with the work of making payments; and there are agents and managers of such factories who connive at such underhand dealings. I also learn that a Co-operative Credit Society started for the men of the lower grades of service in the Telegraphic Department in Bombay is allowed to recover its dues from its members at the time of making monthly payments. I therefore do not see any harm in resorting to this mode of making recoveries from defaulters, whose previous consent is to be obtained in writing. I am led to think that unless this special facility is secured from factory owners the stability and prosperity of such societies cannot be counted upon.

As regards the difficulty of getting trained men to start and conduct such societies for each department of moderately large factories, I am inclined to think that it is unnecessarily made much of. My humble experience in this connection is that a man of ordinary intelligence and education and possessing very elementary knowledge of accounts can very easily grasp the main principles of co-operation and conduct co-operative societies. The working of such societies is admirably simplified and there is no want of men of sufficient calibre in every factory. Besides needy persons in each department of a factory are sure to hail the institution of such societies for their use, because the advantage of joining such societies are so manifest and tempting that there is scarcely any need of exerting very much to persuade them to join such societies; and when they once become members they are sure to imbibe gradually the real principles of co-operation, when they get practical experience of the working of such societies.

Now as to the unsteady and unreliable workmen employed in factories, Mr. Deodhar has sufficiently cleared this point in his excellent paper which he wrote for the last Conference. He has rendered great service to the poor labouring classes in that he has sufficiently certified to their character and proved by means of statistics that on the whole the operatives working in mills and other factories are fit persons to form co-operative societies. So I need not labour this point here. The gist of our contention in this connection is that even supposing that about fifty per cent. of the factory workmen are unsteady and unreliable, the other fifty per cent. of them should not be barred from reaping the benefits accruing from co-operative societies.

I think I have said enough in support of my suggestion in regard to the formation of co-operative societies for each factory with the active sympathy and encouragement of factory owners. Now permit me to say a word about my other suggestion about the facility to be afforded to co-operative housing societies to be evolved from co-operative credit societies. In each moderately large factory there are more than a thousand workmen. Supposing that about half of them become members of credit societies formed for each of the departments in that factory, about 250 of them can be induced to go in for a co-operative housing society. They can contribute a decent sum as a share capital and make small deposits every month ranging from one to ten rupees. In the course of three years they can bring together a nucleus of about Rs. 20,000, and if their employers are good enough to make a deposit of about Rs. 2,000 every year, each such co-operative housing society can have a nucleus of Rs. 25,000. This is about what the Improvement Trust requires a factory owner in Bombay to lay out in building cheap tenements for their operatives. Hence my contention is that the same facilities which the Improvement Trust Act as lately amended affords to the factory owners may be extended to the co-operative housing societies of workmen; and the Improvement Trust may

be further induced to grant the use of convenient sites to such societies on very moderate terms, and thus take the credit of solving the problem of the housing of the labouring classes in Bombay.

Now it will be argued that as most of the factory workmen in Bombay and elsewhere are not permanent residents of these places and have their homes in the mofussil, co-operative housing societies to be formed among such persons will not have any stability or use. My answer is that this objection can equally be taken to any co-operative society to be started for such men; now the chawls and houses to be erected on co-operative principles are to be for the use of workmen who might be employed in factories either temporarily or permanently; and the interest of those who might contribute towards the fund of such co-operative housing societies need not cease even when they leave Bombay for good; and as to the permanency of such housing societies there need be no anxiety, for there will be constant influx and outflux of members as in other corporate concerns.

I do not like, Sir, to take up the time of this Conference by dilating upon some of the very important points in this connection. Besides Mr. Rebello has already submitted his views in a very excellent paper now before the Conference. I fully go with him in many points which he has so lucidly and ably elaborated. If my suggestions commend themselves to this Conference, the kind Registrar with the help of some of the experienced gentlemen in this line may settle the details of schemes based upon them. I therefore very earnestly and ardently request the Conference to pass all the resolutions which I have humbly proposed at the end of my paper, which run thus:—

(I) Due efforts should be made to start one or more separate co-operative credit societies for workmen in each factory.

(II) The Registrar may be requested to frame by-laws for such societies and distribute them broadcast among factory owners and factory workmen.

(III) The factory owners should be induced (1) to afford all facilities to establish such societies, (2) to deposit in them all unclaimed wages, fines and unpaid pies, (3) to make advances to them from their own surpluses, (4) and to assist them in recovering overdue loans by making deductions from the wages of the defaulting workmen.

(IV) Government may be requested to assist the co-operative housing societies of workmen by extending to them the provisions of the Bombay City Improvement Trust Act which are at present limited only to the factory owners.

(V) The Bombay City Improvement Trust may be requested to help co-operative housing societies of workmen by providing them with convenient sites on cheap terms.

Mr. Ewbank :—I rise to support Mr. Rajvadkar's first three resolutions for the adoption of this Conference. This Presidency is at present leading India in the matter of urban co-operation and that at present is very largely due to the efforts made by Mr. Rajvadkar and by Mr. Deodhar and by other workers in Bombay. But it is a fact that we should make far more progress if we had the real support of the factory owners, and not only of the masters of the mills themselves, but of the jobbers who are at present the greatest obstacles to the advancement of these societies. I would accept the proposal that the Registrar should frame by-laws suitable for such societies. As a matter of fact such by-laws have been framed by Mr. Deodhar and they are available in Marathi; but most of the mill-owners are Gujarathis, and I do not think that these by-laws are as well known as they ought to be. The best way is to bring them up to date, translate them and circulate them. If Mr. Rajvadkar and Mr. Deodhar agree, I would suggest that we should arrange, after we have got the by-laws, to send them to the Millowners' Association and go down to Bombay ourselves as a deputation representing this Conference and interview the Bombay mill-owners. I think, gentlemen, that if we tackle the heads of the factories of this Presidency, we shall be able to enlist their sympathy and get something done; and if we get non-officials to do it, that will be valuable, and I am quite sure that we can make some progress. In addition to Mr. Rajvadkar

and Mr. Deodhar, if this Conference approves of a deputation, I would wish either that the Manager of Pratap Mills at Amalner or Mr. Robinson, Manager of the Gokak Mills, or Rao Saheb Malji of Broach, who has started a society there which has been working successfully, should be in it. One of these practical managers of mills would probably carry much more weight with the mill-owners of Bombay than we three more or less theoretical co-operators.

Mr. N. M. Joshi :—Mr. President and gentlemen,—I rise to support Mr. Rajwadkar's proposals about starting co-operative societies for factory workers. I have seen something of the life of these workers and I can assure you that the need for the co-operative societies among them is very great. In my opinion it is perhaps more than in the case of agriculturists. At the very start when a factory worker comes to Bombay from the Konkan or from some other district he gets into difficulties. He perhaps has no money. When he comes to Bombay he borrows money even for his passage to Bombay, and when he joins a factory he does not get his first pay for two months. Bombay life, all of you know, is very costly, and therefore in the first two months he has to borrow some money, and the rate at which he has to borrow is not less than 75 per cent. in 50 per cent. of the cases. In at least 50 per cent. of the cases he has to borrow at the rate of 150 or 300 per cent. As a result of this at least 75 per cent. of the mill operatives in Bombay are heavily indebted, and it has been found by the few societies that are founded in Bombay at present that these organizations become useful to them.

I also agree with Mr. Rajwadkar that generally these organizations are a success. There may be some difficulties and there are difficulties in the cases of factory workers. But as a general rule these societies are found to work well, and as regards difficulties, I think by making provision in the bye-laws to meet them they may be overcome.

I will mention one very great difficulty, and that is about the strikes. When there is a strike the person who borrows leaves the mill and his sureties also leave with him. If he has taken a loan of 30 or 40 rupees, certainly that money is very difficult to be recovered; but by keeping a rather high rate of interest the society may be able to have a very strong reserve fund and it may not be ruined by even such a catastrophe as a strike.

Then there is one further point upon which I should like to say a few words, and that is the fourth item of the third resolution. Personally I am very much against any interference by the owners of factories in the transactions of the mill operatives. I know how these mill operatives, who are ignorant and quite helpless, are in the hands of the capitalist class in Bombay; and to give the capitalist class further control over their lives is very dangerous and against the interests of these poor men. I should therefore very much like the managers of the mills to be kept outside this co-operative movement. I should like the mill-owners and managers of mills to be kept outside the co-operative movement,—at least outside its management. If they want to help the mill operatives, let them give deposits or other facilities. If they give some money for keeping an office establishment, etc., let them do it, but I should not like any control being given to the mill-owners over the co-operative societies started for the benefit of the mill operatives simply because if once the principle is admitted that the mill-owners should have some control over this movement, there will be no end to the troubles of the mill operatives. There are doctors in Bombay who cater for mill operatives and they may go to the mill-owners and say "I am doing service to the operatives in your mill; please help me in recovering my money". There is also the grocer and other people who would like to take the help of the mill-owners in recovering their dues.

I therefore am strongly against taking the assistance of mill-owners in recovering the dues of co-operative societies through mill-owners.

The societies should be run on independent basis and you should keep a higher rate of interest if necessary and also pass stricter by-laws about recovery. There may be also some easier process of recovering the money. But I am strongly against giving any control to the mill-owners over the societies started for the mill operatives.

I would therefore propose an amendment to this resolution, and that amendment is to delete the 4th section of the third resolution.

The Chairman :—We are now considering the amendment proposed by Mr. Joshi to the third paragraph of the resolution moved by Mr. Rajwadkar.

Rao Saheb Malji :—Mr. Chairman and gentlemen,—It is the fourth section of resolution 3 that is being objected to. It refers to the recovery of loans through the mill-owners. Generally these difficulties cannot be seen at once. It is only when the wages are forfeited by the mill-owners that we shall feel the difficulties. Therefore it is only time which can more or less solve the difficulties which are being felt by Mr. Joshi.

As at present situated, our solution of these difficulties lies in enlisting the sympathies of the mill-owners. Being connected with them, I can assure you that the sympathies of mill-owners are indispensable, and unless they are enlisted there are chances of the societies losing their own money. This money is to be advanced to people who have no property, whose assets consist in their honesty of purpose only, and if they are to move away and go away for some reason or another, the money is lost.

I therefore support the resolution as it stands.

Mr. Jambhekar :—Mr. Chairman and gentlemen,—I wish to speak against the amendment of Mr. Joshi. I know from my own experience of a society that the facilities for the recovery of loans are important. Speaking of the telegraph society to which I belong, there we recover the loans and all dues in fact from the salary bills, and we do not find any difficulty at all. There is no pressure brought upon members at all. We get the list from the secretary and we recover the dues that are certified by the secretary, and I do not think the mill-owners will be able to oppress the factory workers if they form a part of the societies.

I do not think there will be any difficulty in recovering the loans through the mill-owners. Not only that, but the factory owners should be members of the committee of management also as when recoveries are to be made through the salary bills of the factory workers it is very convenient to enlist the sympathies of the factory owners by giving the latter facilities in allowing them a voice in the management of the societies.

I beg therefore to support the original resolution.

Mr. F. J. Clark :—We have a committee formed practically entirely of the members of the co-operative society. The chairman of that committee is the head of the railway, and one who looks after the accounts is the chief auditor of the railway. Beyond that there is no interference whatever by the railway company as such. The society is outside the railway, but every man who borrows money from the society in his agreement authorises the railway to deduct any of his dues by instalments from his salary. Without that individual authorisation it could not be done, because the society is quite outside the railway company as such. Now I think that that will solve the difficulty. The company as such has no authority over the society as such, but it is strongly represented there and every man belongs to both. I do not think that I need say more than that we deduct instalments from the salaries of all our borrowers regularly month by month, and I think at the present moment Rs. 80,000 is the amount of deductions made month by month.

Mr. G. K. Deodhar :—I rise to support the amendment which my friend Mr. Joshi has moved. I look upon the resolution from the point of view of co-operation. Mr. Joshi is not against securing the sympathy of the mill-owners; in fact, we all want the sympathy and also the active assistance of the mill-owners. What he really wants to urge is that if the mill-owners are given anything like an active voice in the management of the societies, a great deal of the moral force of the work of the societies will disappear. If there are difficulties in the matter of recovery of their dues, we have got the laws of arbitration. I know my friend who is working the telegraph society is very particular in recovering the dues from the salaries of the members. I oppose this practice because it does not develop the moral side of co-operative work. A man who has been granted a loan is not going to run away from

Bombay ; he will not run away from the society, and even if he does, there are his sureties to remind him of his obligations to the society, and the man himself knows the consequences and penalties to which he will be subjected. But if we look to the moral side of it, the result of asking the managers of these offices, as our friend Mr. Clark has told us just now, or asking the mill-owners in whose mills we want to start these societies, to assist in recovering dues by cutting the same from the salaries of the men, would be that we shall not be teaching co-operation. For these reasons and others, I strongly support the amendment which my friend Mr. Joshi has moved.

The Chairman :—In regard to Mr. Joshi's amendment I may say that in Mr. Joshi we have one who knows very well what he is talking about, but at the same time I wish to suggest for the consideration of the Conference that the wording of the resolution is that factory owners should be induced to assist the society in recovering overdue loans by deducting them from the wages of the workmen. Well, we do wish to get the factory owners interested in the work of the society and we have to remember that the machinery which we propose to adopt—which Mr. Ewbank has just proposed on Mr. Rajwadkar's subject—if this resolution is passed, is that a deputation of persons interested in co-operation should approach the Millowners' Association and decide the lines on which the work could be carried out, and I think it is advisable that we should not fetter them as regards their discretion with regard to the discussion of this particular matter. We know quite well that Mr. Ewbank will not commit himself to anything which is out of accord with the co-operative spirit, and so I think it would be just as well to leave this particular item as it is. It will do no harm when we remember the particular way in which we are going to take action upon it.

Mr. N. M. Joshi :—After the assurance that the Chairman has given, I will not mind withdrawing my amendment if Mr. Ewbank takes care to see that every effort is made not to allow mill-owners to have any control over the societies.

Mr. Ewbank :—The Chairman suggested that no power inconsistent with the co-operative spirit should be given.

Mr. Clark :—Why not stop at the word "societies" in (3), *i.e.*, it will read "The factory owners should be induced to afford all facilities to establish such societies"?

The Chairman :—Yes, I think it would be a good idea. The Millowners' Association will co-operate with the deputation. Probably it will suffice if we place on record that Mr. Ewbank has told us that action will be taken on it in the way he proposed. Perhaps the Conference will adopt Mr. Clark's suggestion to omit all details. Will Mr. Rajwadkar say whether he accepts that proposal?

Mr. Rajwadkar :—Yes, I accept it.

The Chairman :—Then paragraphs (1) and (2) stand as they are, and paragraph (3) will read as follows: "The factory owners should be induced to afford all facilities in their power to establish such societies."

These resolutions were put to the meeting and carried unanimously.

The Chairman ruled that resolutions IV and V should be temporarily postponed and considered when item XIX was reached, since they covered the same ground.

XIII.—Co-operative Organization of the Milk Supply of Cities.

Dr. H. H. Mann :—Mr. Chairman and gentlemen,—The paper which I have to lay before you today is the "co-operative organisation of the milk supply of cities from outside villages". It deals with what I think is the most prominent problem, that is, the milk supply of cities. In a large city in the Bombay Presidency you will find that the first thing that strikes you is that the amount of milk which is available for the city is short; there is not nearly as much milk as there ought to be. The milk at present available is of two sorts, from the gaolis or from the villages outside. The proportion which is derived from these two sources is different in every city. In some cases it is derived from the gaolis in the city and in others it is almost entirely derived from villages outside.

Now, the problem of adapting co-operation to the gaolis who live inside the city has proved exceedingly difficult. A number of dairy societies were started, but all of them have proved themselves almost beyond the powers of those who attempted to organise them. With regard to these societies, therefore, I want to say nothing. But fortunately the supply from gaolis inside the city is small or, at any rate, limited. It is one which cannot be indefinitely increased. But the supply from outside villages is one which ultimately will be the main source,—almost the only source,—of an adequate supply of milk for the cities.

Now, this supply can be very largely increased simply, I believe, by organization. At the present time the whole supply so far as it comes from outside is derived from an area of 8 to 10 miles from the city. I know one or two villages which supply milk from as far off as eight miles, but even in that eight mile area a very large amount of the milk is supplied to the city only by an enormous lot of labour. It is supplied, as a rule, by individuals, not even by carts, carried on the heads and shoulders. Now, this process is obviously an extremely uneconomic one, and one which allows only a limited amount of milk being brought, and consequently at a very high price, when it reaches the city. Beyond 8 miles or 10 miles the milk may be abundant, and in many cases it is abundant; but it cannot be taken into the city under the present conditions and it is converted almost entirely, so far as it is used, into ghee. Now the difference in the price of milk in those villages beyond eight miles and the city is very large indeed. According to my enquiries, the average rate 10 to 12 miles from the city is 16 to 18 lbs. per rupee: inside the city it is only 8 lbs. per rupee, *i.e.*, the difference in price is practically double. It seems to me then here we have a comparatively simple co-operative problem, the problem of organising the transport from the villages. The village supply is abundant, it is also very cheap, and all that is needed is that that supply should be organised so as to be brought to the town where milk is at present deficient in quantity. I want this conference to recommend that the organisation of this supply, whether from the producers' point of view or the consumers' point of view should be recommended to the Registrar and to all co-operators as a legitimate field of co-operation and one in which co-operation is likely to be applied with success. I therefore want to move the following resolution:—

“In the opinion of this Conference, the most promising field of co-operative effort in connection with the supply of milk to towns is the organization of its collection in villages and distribution in the towns on behalf either of the consumers or the producers as may be most suitable in each case.”

The Honourable Mr. S. D. Garud :—Mr. President and gentlemen,—I rise to oppose the resolution. This resolution merely aims at asking the co-operative department to undertake the organisation of the supply of milk from the villages to the cities, but I would like to see a resolution which would ask the co-operative department to undertake the production of a plentiful supply of milk in the cities.

I am one of those who believe that the cities must organize societies to produce and supply their own milk, and that they should, as little as possible, come in the way of villages enjoying their own milk supply. I am one of those who are actively interested in the management of a dairy society at Dhulia, and it may not be uninteresting to tell you how we are gradually progressing towards this goal. In the first place, the gaoli, as he finds himself in the city, is handicapped in several ways. He is, you must remember, a professional producer of milk. He is not the amateur who merely takes up the profession as a side one. The first duty that we owe to the gaoli is to see that he is preserved and that he is taught the elementary principles of his profession. The first handicap that the gaoli suffers from is one of capital. In a city the consumer is most interested in a pure and plentiful supply of milk. If you ask the consumer, he will be willing to help you with all the capital. I have received applications from consumers who are willing to advance large sums of money almost without interest for the benefit of this society, if only the society will continue to supply them with good, pure milk, and I have no doubt that it will be possible to find the same class in plenty in

Poona. What has been happening in Dhulia is the very same thing that is happening here. We produce a plentiful supply of butter. All that supply is taken away from us and exported to Poona and Bombay. We do not get butter. But we get ghee which is sent to us from somewhere in the Punjab. Some say it is beef suet. I do not know whether it is, but at any rate we have plenty of butter there locally, which can be obtained if only the necessary capital and the necessary brains could be placed for some time at the disposal of the local gaoli and if he could only be made to stand on his own legs. As I just mentioned, he suffers from handicaps, one of them being that he is not only ignorant, but he is also poor. My management of the co-operative society has given me enough experience to show that he can be improved out of himself and can be made a much better man. Before I began the management of the society out of the 1,000 rupees that were advanced Rs. 900 were in the hands of defaulters and a portion of the milk that we used to receive was of doubtful quality. We have now been able to ascertain that not only is there no defaulter, but the whole supply of milk is absolutely pure and guaranteed fresh, and that the local gaolis have learnt to take an interest in the reputation of their society. This moral lesson has been inculcated upon them, and if this can be sufficiently learnt, then I am sure that all the necessary capital would be forthcoming. When I conducted the first meetings of the society a few gentlemen desired to be present. They were Marwaris. They heard the proceedings and after some time one of them expressed a wish to speak, and the very first thing that he told us was that we were wasting our time on dishonest people, and that he had quite enough experience to convince him that these people could never be improved. I was desired to order that he should speak no further and I acceded to the request. But after the society had been going for some time I asked the same person what he thought of the gaolis and he confessed that they had changed. I am quite confident that the local gaoli can be improved and can be made to give all the plentiful supply of good guaranteed milk that you need, if only the consumer will advance the necessary capital and help him with his brains. One of the handicaps of the gaoli is capital. He does not know how to buy buffaloes. He does not know how to breed his cattle. In times of scarcity that man is driven to the necessity of buying his fodder at Rs. 5 per 100 lbs. It can be produced at 1 anna. The experience of the Poona fodder farm is that green fodder can be supplied at 1 anna and that one acre can be made to yield about 34,000 lbs. of green fodder a year.

Then coming to the next question of the production of milk, one buffalo can be made to produce about 4,000 lbs. of milk if it is only kept in good condition and if the proper breed is obtained. The best that the man can produce is about 8 lbs. from his buffalo per diem. In the one case he can realize 500 rupees profit and the feeding charges per 100 lbs. would not come to even half an anna for the fodder that he would require for the whole day for his buffaloes. These are statistics that I give you from the experiments that have been conducted at Dhulia and I suppose no one knows them better than Dr. Mann. Therefore, gentlemen, the best way is not to get your milk supply from the villages, but to teach your gaolis to produce more milk and better milk and to form co-operative gaoli dairy societies.

The Honourable Mr. Keatinge :—I am sure all members of this Conference will recognize that in organizing and developing the gaoli societies, which were just referred to, in Dhulia the Honourable Mr. Garud has been doing extremely good work. So long as the gaolis remain in a town and the milk supply is produced there it is very desirable that they should be helped and advised in every way to produce their milk as economically and cheaply as possible. I do not think there is any necessary antagonism between his view and the view which Dr. Mann has put forward in his paper on the resolution. I think that the point the Honourable Mr. Garud made against the milk supply from the villager was that he did not wish to rob the villagers of their milk. That argument seems to convey that there is in any village a definite amount of milk, and that it will always remain a definite amount, and if you take that away it would be to deprive the village of the milk. I do not think it is the case at all. Because in the great majority of villages where there is considerable

grass, or where there is a considerable amount of jowari or other fodder producing crops growing, the quantity of milk which any village can produce can be almost indefinitely increased, and we have found that where collecting agencies have been started it has very largely increased. If this is the only argument which the Honourable Mr. Garud has against bringing the milk from the villages, I think there is really nothing in it. He pleads in his argument that in Dhulia a considerable amount of milk is produced and taken away to Bombay, but if they want milk there is really no objection to their keeping the milk there if they will pay for it. Well, if in these villages the production and handling of the milk can be so improved by co-operative societies as to enable it to be taken out to the towns, the people themselves will take this work up on a large scale. It is found in other countries where milk is organized on a large scale, as in England, now-a-days, by bringing it from country districts to the urban areas, that a great improvement in the milk supply has been produced, and that people in areas which are suitably situated for bringing milk to the city do prefer dairy farming to other kinds of farming because they find that with a suitable organization they can make much bigger profits. I can assure you that the ten miles round Poona could be utilized by cultivators very largely indeed for the production of milk, because they have in Poona a large market ready to buy their milk, but in the absence of an organization for bringing in that milk, in the end it does not pay the men to produce the milk. We hope to reduce this evil by organizing a system of marketing and distribution in the town. If that is done, it will be found that the supply will have largely increased. My opinion is that there is at present large scope for bringing milk from villages, and a considerable scope and necessity for gaolis and gaoli societies such as those described by the Honourable Mr. Garud; but I do think that the tendency of the future must be to a decrease among the gaolis and to get the milk from outside. That has been the tendency in all other countries where industries have been developed on a large scale. I think it will be to the benefit of the country, because the town is not suitable to the animal, and it is not altogether healthy or sanitary for the production of milk or for the animal. As regards the animal, the stable in a town is in closed quarters with very little air and natural life. In a town they certainly do not breed so well or regularly as they would in the villages. Their cows are not reared. Both male and female die off, and consequently there is a very severe loss to the supply of dairy cattle, which would be avoided if these animals were kept in natural and healthy conditions in the villages and the milk only were transported to the towns. I therefore agree with the view that the milk industry should be improved in the direction indicated by Dr. Mann. I hope this Conference will accept this resolution.

Rao Saheb Chitguppi (Hubli) :—I am connected with the working of the Hubli Co-operative Dairy Society. Our society is organized for the sole benefit of gaolies. Our gaolies are put to great losses because they have to borrow from savkars at exorbitant rates of interest. Therefore our dairy supplies the gaoli members with loans at a low rate of interest. The dairy has also benefited the gaoli members by securing for them grazing area on the joint hire system. In this way gaolies are benefited. At the time they draw milk from cattle we supervise the operation in order to see that milk is drawn under clean conditions and that it is not adulterated with water. Milk is taken from gaolies and distributed to consumers by the Managing Committee. By this method gaolies are first benefited. We do not want to benefit the consumers at the expense of the gaolies. The society wants a good name for its milk and therefore it supervises the production. The price of milk to consumers is fixed according to a uniform rate which is corresponding to market rate.

2. As regards Dr. Mann's views I do not agree that the Co-operative Department should stop doing anything for the benefit of gaolies. If co-operation can help every class of people in India, can it not help also the gaolies too? But gaolies are poor and ignorant and also in the hands of money-lenders. They are like weavers. In weaver-societies weavers and non-weavers join together to help the weavers. Similarly in gaoli society gaolies and non-gaolies should join together to help gaolies. Dr. Mann says that consumers should not have anything to do with gaolies who are producers. Because a few consumers join the producers' societies, it should not

be thought that consumers will always work against the interest of producers. Therefore I think gaoli societies should be helped as well as cultivators' societies and I do request that Government may kindly help gaoli societies in every possible way.

The Honourable Mr. Garud :—The Honourable Mr. Keatinge pointed out that there was practically no difference between my statement and that of Dr. Mann. There is one statement in his paper to which I want to take exception. He says :—“It might be asked then whether I would entirely abandon the idea of a co-operative society as a means of improving the quality of the milk obtainable in a city. Beyond what is necessary to secure the business interest of the society, I may definitely say that I would abandon it.” Then he goes on to say why he would abandon it.

The whole tendency of the paper is to obtain this pure milk from outside and not to encourage gaoli co-operative societies in cities or to teach them the process of producing milk of good, rich quality and getting it at a cheap rate.

Mr. Gonehalli :—Mr. Chairman and gentlemen,—There is no doubt whatsoever that this subject of co-operative dairies has created a good deal of interest in the minds of all that have attended the Conference. Dr. Mann has submitted his paper and has made important recommendations. The views of Dr. Mann have been opposed by the Honourable Mr. Garud and also by Rao Sahab Chitguppi of the Hubli Dairy Society. It is necessary for us now to understand what is the real difference between the proposal of Dr. Mann and that of these two gentlemen, who are connected with the working of two co-operative dairy societies of gaolis. Dr. Mann advocates the elimination of the gaoli class altogether from the scheme of co-operative dairies. In other words, he recommends that the co-operative organizers should have nothing to do whatsoever with the gaoli class. He does not want any gaoli society to be started for the improvement of the milk supply of towns, but wants us to do everything possible to encourage dairy societies of cultivators.

In this connection I venture to bring to your notice that the results hitherto gained in the sphere of gaoli dairy societies are not discouraging. We have certainly met with difficulties, but we have also achieved very satisfactory and encouraging results. Let any one interested in this subject go to Bhusawal or Dhulia or Hubli or any other place where there is a society and let him make enquiries with the consumers. What do they say? They say, that they have been all getting a good, unadulterated milk supply at a fairly good price. I think the results of the gaoli dairy societies so far achieved in this direction are satisfactory. I do not know why we should at once give up our attempts in connection with the gaoli and why this one class of people should be excluded from the benefits of co-operation. You are aware that we are doing a good deal for helping such people as weavers, who are to a certain extent in the same category as gaolis. With the development of cities, with the disappearance of the grazing areas in the neighbourhood of cities, and certain other disadvantages that have accrued to them, the gowlis are no doubt in a bad condition. Can we not find a way of helping them? Certainly we can; and the results hitherto achieved through co-operation are not bad. If we want to help gaolis we want money. Every economic improvement requires finance. With the support of the Director of Agriculture we have recently got some financial help from the Bombay Government. The Government of Bombay have sanctioned Rs. 10,000 for the Dairy Societies. Having got that amount we want to go forward. I think we have already gained an amount of experience which should be regarded as a first step, as an essential step, in the further development of this co-operative dairy industry, whether it be the cultivators' dairy industry or the Gowlis' dairy industry.

Supposing the resolution of Dr. Mann is adopted without any amendment whatsoever, what will be the effect of it? The effect will be that the gaoli dairy societies will be excluded from the financial help which Government have sanctioned and which I have just referred to. I would therefore request Dr. Mann to consider the advisability of slightly modifying the resolution so far as its wording is concerned. Personally I think we should try to start gaoli dairy

societies where there are suitable gaolis, and should also start cultivators' dairy societies where they can be started. If this view is kept in mind, I think there need be no controversy in the matter.

Dr. Harold Mann:—Mr. Chairman and gentlemen,—I feel as a man who has been knocked downstairs when he did not expect to be. But as a matter of fact what I intended to say has been rather misrepresented: I did not intend to say one word against the gaoli societies or one word against milk brought by gaolis. I am very glad that the Honourable Mr. Garud's gaoli society at Dhulia is successful. I am always very glad whenever I hear of the success of a gaoli society, and nobody will rejoice at it more than I do; but there have been very many difficulties in organizing gaoli societies, and at the present time I think there have been more failures than success; and even in the matter of capital to which Mr. Garud has alluded, the supply of capital by the consuming element has in more cases than one ruined the society, and I know one case at the present time in which a society has been practically ruined because the consumers had come into the society supplying the capital and compelled the milk to be sold below cost price. [Mr. Gonehalli here questioned the correctness of this statement.] But let that be as it is. I have no intention whatever of discouraging in any way gaoli societies, but what I do say is that at the present time the most promising field for the development of co-operation in connection with dairying is in organizing the supply of milk to the cities from outside sources. That source is a very large one, and as the Honourable Mr. Keatinge said, that source is one which can be indefinitely extended. That is so in the case of districts round Poona. We have made enquiries during the last three months and we find that it is one which can be increased easily, and within, I believe, two or three years by 60 per cent., if only we can organize the supply to the city. Well, that being the case, without in the least disagreeing with the Honourable Mr. Garud's position and without wishing to deprive the gawlis in any way of the benefit or the villages in any way of their milk supply, I believe we can increase the supply to the cities by simple organization on co-operative lines either by producers or consumers, and we can reduce its price and benefit the cultivators, and we can do all these without in any way interfering or in any way discouraging the gaoli societies. In fact it may actually improve their position.

Dr. Mann's resolution was then put to the vote and carried.

[The Conference then adjourned for lunch.]

XIX. Co-operative Housing Societies.

Mr. Rebello:—We in Bombay suffer from a lot of troubles and difficulties. We have got much overcrowded area and much unbuilt area and we have got all sorts of evils and diseases among us. Now in the paper, which I propose, several remedies are suggested. The chief remedy is co-operative housing. I believe that with co-operative housing we can remove the congestion and some of the evils from which we are suffering. There are in Bombay lots of slums and the removal of these has created difficulties. The only way in which it can be done is by encouraging as much as possible people of the same community, ideas and associations to live together. If we go to the landlords and ask for the capital they will not come to our help. Therefore, we should help ourselves, put our hands into our own pockets, each of us subscribing a little, and thus combine and have houses of our own, so that in times to come the rent may not be so very high, and we may have healthy houses to live in and if necessary to go to out of Bombay. With these remarks I propose to move this resolution:—

“That in view of the deficiency of housing accommodation, of the rise in rents, of the many evils from which people in the congested areas of Bombay suffer, and of the probable speedy solution of the housing problem by means of co-operative societies, this Conference recommends that Government should specially encourage and support co-operative housing societies and to this end create a housing board to look after co-operative housing questions and to co-ordinate activities and help from different sources.”

The various questions involved in housing if we have such an agency, there would be no difficulty in solving. The only solution is that there should be some board or some authority which would decide all this and give the necessary help.

Rao Bahadur R. G. Naik:—The Honourable Mr. Carmichael and gentlemen,—Mr. Rebello has moved a resolution and on reading that resolution, one would be inclined to believe that the resolution confines itself to the City of Bombay. Now we all know the condition of the towns in the Presidency, where people are congested, and desire housing accommodation, and where housing societies on co-operative lines are absolutely necessary. I myself once tried to start a housing society in the town of Belgaum to remove the congestion but people there brought before me several difficulties. The difficulties of getting the site, and also the required capital. Once when the proposal of the question of removing congestion was discussed at a municipal meeting at the town of Belgaum and I threw out a suggestion to the municipality that the municipality might freely take up the subject of forming or encouraging a housing society in the town of Belgaum and do so by building at least 100 houses for poor people on the Belgaum town extension site at a moderate cost and letting out the houses to the poor residents of Belgaum, on the hire purchase system and thus popularize the system of a housing association or housing societies in mofussil, that idea was not very favourably considered by the municipality and people were disappointed. Therefore, I would request Mr. Rebello to include in his resolution a recommendation to the municipalities to encourage housing societies wherever formed.

Rao Bahadur Rodda:—Mr. President and brother co-operators,—The subject of the resolution moved by my old friend Mr. Rebello who has experience of Bombay for so many years is a very important one. The question of housing people in the mofussil to my mind appears to be the first duty of all co-operators. In a place where the population was formerly small and the population has now outgrown the accommodation, it is necessary to enlarge towns and villages. I have seen in the Southern Division, especially in my own district, a very small area within which the population live there is worse than many of the condemned portions of the Bombay City. There are villages in which there are many houses but the accommodation in them for the families is simply unbearable. I do not know how these people survive except it be for the food they get, but it would be an act of inhumanity if we do not assist them in this most important matter. Dharwar town itself though it is not extensive in area has now taken up the idea. During the last 10 years as plague is raging, houses have grown up outside that town, and since that portion has been used for housing purposes there has been scarcely any case of plague and the houses are built on most sanitary lines but poor people cannot afford to build their own houses. What we do ought to be for the masses and not for the rich. The rich man can no doubt afford to have a bungalow or a field to appropriate to himself and he can build a palatial building on it but the poor cannot. Government should relax the land revenue principle a little and then give us sites at as cheap rates as possible and build houses for the poorer classes, the people who are to be well looked after. It is a problem why labour in cities has decreased. The reason is that a large number of labourers have been carried away by plague simply because they had no houses and they have to live in congested areas, in insanitary houses, where plague can make its way. Many of the labourers succumb to that terrible disease called plague. Such being the case it is the bounden duty of Government, supported of course by efforts from the public, to assist these labourers by building houses. Of course, we cannot ask Government to do everything: the people of our own community should come to the help of poorer classes and it is only by means of a society started for housing our poor people we can do much. The founding of hospitals, the founding of institutions for education, well, they are all good and philanthropic acts, but taking care of the poor people is the first duty. To take care of one's body is the first principle in Hindu religion. Therefore, housing co-operative societies are needed not only in large towns but also in villages where the area is congested. I could quote you a number of instances in which the population of villages 20 years ago was 250: now in the same villages, in

the same extent, there are more than 700 or 800 accommodated in the same space. The houses have been the same, the construction and the water supply only has been changed, and in these circumstances I appeal to you that you co-operators, instead of being money-lending associations, should be life-giving associations as they are more valuable. In every city instead of looking to the margin of profit and dividends you must be content with very little return and start societies to bring contentment to many of our poor brethren and by doing so you will not only be doing your duty in this world but you will also earn merit in the next world and in the eyes of God. This is humanity, this is co-operation, and if you fail in it I think there is no co-operation at all. You must be co-operators here in this very hall; not with the idea of money making but with the idea of giving life to the poor by building them good houses which are sanitary and healthy. With these observations I beg to support the resolution of Mr. Rebello that there should be more housing societies than money-lending societies.

Professor Kale:—Mr. Chairman and gentlemen,—I should like to say a few words in favour of this resolution.

The question of housing the poor in Bombay, at any rate, is pressing and in the Improvement Trust Act a provision is lately made that the mill-owners should come forward with a small capital and the Improvement Trust is to help them with about 75 or 85 per cent. of the capital needed to erect tenements for their operatives.

Now this facility has been offered to them and to my knowledge in Bombay there is only one mill-owner who has taken advantage of the amended law, and it is the owner of the Spring Mills who has erected some four or five chawls for his operatives, and I do not think that any other mill-owner has come forward to take advantage of these facilities.

Then the question is if the mill-owners for the last 5 or 6 years have not been doing anything in that direction, why should some other association not come forward, or, as Mr. Rajwadkar said, why should we not start co-operative credit societies for each department in a large factory and from those co-operative credit societies evolve co-operative housing societies? If such societies bring together Rs. 25,000, why should not the Improvement Trust come forward to help them with the money which they promised to give for helping the mill-owners? If such housing societies for the sake of the poor are started, why should not the Improvement Trust Act be amended to such an extent that the same facilities may be offered to them? That facility has been offered for the sake of the poor workmen, and if a society is started by workmen or for workmen, why should not such a society be helped under the Improvement Trust Act?

The resolution means this:—that Government should give the same facility which it is giving to the mill-owners, and I think it is not asking too much when you get a sufficient nucleus of Rs. 20,000.

An objection is taken to the mill operatives forming a co-operative housing society among themselves in that they are not permanent residents of Bombay and that they are to go to their own native places and that after some time they are to leave Bombay or other big towns in which they are working. Well, that does not matter. They have to stay here for some time and for that time they must get some cheap house to live in. The members of a society formed of workmen may go and stay in the mofussil but their interest will be there in the society. The societies will not die. You know the co-operative societies that may exist for hundred years. They are not meant for the lifetime of a few men. So these housing societies will be started to live long. Their life does not depend upon the life of the individuals. I therefore do not see any point in the objection raised on the score of the mill operatives being not residents in Bombay or in Ahmedabad or in Nagpur.

We ask these facilities from Government because Government has already allowed these facilities to the mill-owners for the sake of their workmen. And if these facilities are given to the mill-owners and if they are not coming forward, we ask the same facilities for the sake of the workmen who start their own societies, or, as Mr. Rebello has said, a board may be established to

look after those societies. I should therefore like this Conference to urge upon Government to give the same facilities to the housing societies started for the workmen as they have afforded to the mill-owners.

The Honourable Mr. J. P. Orr :—Mr. President and gentlemen,—I rise to support all the three propositions that are before the Conference. Taking them in order, Mr. Rajwadkar's proposal in his first resolution is "Government may be requested to assist the co-operative societies of workmen by extending to them the provisions of the Bombay City Improvement Trust Act which at present are limited only to the factory owners in Bombay." There is a slight mistake in the terms of the resolution. The Bombay City Improvement Act is not limited to factory owners in Bombay. It applies to all employers of labour, but that does not make any difference to the meaning of the resolution because the Act does not extend facilities to co-operative housing societies for workmen. Nothing has pleased me more than to hear from Mr. Rajwadkar in his paper that he believes that co-operative housing societies for workmen could at once undertake to erect their own chawls if they had the necessary facilities. I may, perhaps, be allowed to correct the last speaker as regards what those facilities are. Roughly, the provisions of the Act amount to this that if employers want to have their own housing accommodation for their employees, the Improvement Trust will find the necessary capital and build chawls and the capital will be repaid to the Improvement Trust by annual instalments so that at the end of 28 years the chawls become the property of the employers for whom they were put up. It will be an excellent thing if instead of those chawls becoming at the end of 28 years the property of employers, they can remain the property of the employees themselves. I think, perhaps, Mr. Rajwadkar is a little optimistic, and possibly does not realize all the difficulties that there are in the way of making houses for the poor pay. It has always been an economic problem as to how far we were justified in using public funds for housing poor people at non-economic rates. The economic theory is that we really should provide for housing the poor from public funds, and they should be required to pay such rents as will yield a fair return upon the capital invested. Now it is pretty certain that at the present rate of wages they cannot pay such rent as will yield an economic return on the houses built in Bombay, where land is very expensive and where the cost of building is at present very abnormal. In the mofussil of course there is a better chance. I am quite sure that if the idea of extending co-operation to the problem of housing had been mooted at the time when the Improvement Trust Act was altered Government would have extended these facilities to the housing societies as well as to these employers, always assuming that housing societies of workmen could be created, which, I am delighted to hear, has now been taken up. There is no doubt the Improvement Trust will support any motion of the kind that is put forward.

The second proposition is—"The Bombay City Improvement Trust may be requested to help co-operative housing societies of workmen by providing them with convenient sites on cheap terms." Well, there is absolutely no doubt that if the Trust were applied to they will be delighted to do so. It is part of their duties to see that the poor are properly housed, and where the poor or other people ask for it they are always ready to provide sites on the lowest possible terms. If the provisions of the Act referred to are extended to co-operative housing societies of workmen, the land will be handed over to the societies at its actual cost, that is to say, the housing societies will get the land, not at an artificial price but at its real market value, as anyone would have to pay if he wanted a particular piece of land. I do not see why that should not be done.

Then turning to Mr. Rebello's paper, I am very glad that Mr. Rebello thought of bringing this question up. I am here speaking to people, a large proportion of whom do not realize how pressing this problem is, or at least they do not realize as much as we do in Bombay. You people who belong to other places might think "This question does not concern us, as we have no difficulty at present," but there is a warning to be got from the people of Bombay. People who have been in Bombay for the last 25 years, who

know of the increase of population and the extension of buildings under inadequate municipal control, well know the conditions under which the housing problem has become serious. Some speaker said that he wanted to see that some housing societies extended in mofussil cities. Well, there is one word of warning. Do not encourage the extension of buildings unless you have got good building by-laws. If you don't have good building by-laws what will happen will be that you will remove a slum here and create another there. That is one warning as regards that. Then I noticed in what the last speaker said that there was nothing to show what were the conditions of co-operation in housing matters. It is too big a subject to go into in detail here but I may tell you that there is in Bombay a housing association whose object is to give out propaganda pamphlets written by members of the society, and we are always glad if anybody interested in this question will send for these pamphlets. We have already 20 or 30 pamphlets in which you get information on various points connected with the housing problem. I think that anybody can get these pamphlets.

Somebody referred to the mill-owners not having done their duty: I am glad to say that there has been recently an awakening among the mill-owners and recently there was a good deal of discussion as to how mill-owners can help their employees, and the suggestion has been made that they might give increased wages. Does not increased wages practically amount to a housing allowance? But you cannot at present with the wages you get build rooms and chawls for the poor in Bombay except at a loss. The loss roughly amounts to Rs. 2 per head per annum, and now when money has gone up, the loss would probably amount to Rs. 3 per annum per head, or reducing it to rooms with 3 people in a room, a rupee per head per annum. Now if these mills give operatives a rupee per head, in addition to their wages, to build chawls, they will render their chawls self-supporting, and in that way help the housing of the poor without aid from public funds. I was going to mention just briefly the advantages that come from associations taking up the housing of people instead of individuals. First of all, you can raise capital more easily. Secondly, you can make your operations cheaper by buying materials in large quantities and employing architects for a large group of buildings. Thirdly, and this I think is the most important, you can secure large areas of land and build over them rapidly so that your capital does not lie idle for a long time, and the most important, you can let out your land in such a way that no house erected on that estate will ever become depreciated, as houses all over Bombay depreciate by reason of their neighbours building just anywhere, so that every man knows that his neighbour cannot extend his building more than it is at present and in that way sanitary conditions can be secured and maintained. I think there is an immense deal to be done in the way of developing housing operations by co-operative societies and I should be delighted if this Conference will pass all the resolutions that are before them.

Mr. Ewbank :—Mr. Chairman and gentlemen,—On the subject of co-operating housing generally and on co-operative housing in Bombay in particular, the Honourable Mr. Orr speaks of course with unequalled authority, and it is with great trepidation that I venture to speak after he has discussed the question. But there was one point in his speech which impressed me, and that was his silence on the vast difference of conditions which exist between the organization of co-operative housing societies for the middle classes and those for workmen.

The proposal before us is only concerned with co-operative housing associations for mill-hands, and upto now my experience has been that while the middle classes have got money, the difficulty about the labouring classes has been mainly that they have got no money. Their wages are not adequate to do more than to support them, or they provide so small a margin that they are not really able to save anything. What saving there is must be devoted to raising their standard of comfort and to enabling them to live more decently. They are not in a position to put by any money. Co-operative building is a lock-up investment. The second difficulty is that the mill-hands of Bombay are a transient set of people. They come to Bombay and go back home for the monsoon. They live in Bombay for some time and then return to their

country. Then again, gentlemen, I think, we ought not to try and stop that tendency, and if we have a class of people who are not going to live permanently in Bombay, it is obvious that they will not want to put money in any houses, and have it locked-up in a building in Bombay. I should view with the greatest abhorrence a tendency among the country people to forsake their healthy life on land permanently, and to go and settle down in Bombay, and therefore I do not think that we should press the people to lock-up their money in such a way as to tempt them to live in Bombay permanently.

Besides the financial difficulty and the difficulty owing to the transient nature of the mill population, there is also another difficulty. We are well acquainted with the illiteracy of these people. Rao Bahadur Talmaki will tell you of the great difficulty of establishing co-operative housing associations in Bombay. If it has been done, it is owing to his self-sacrifice and labour, the care and attention which he has paid to the numerous details of this business. But a committee of mill-hands is, I believe, scarcely able at its present stage to manage societies of this type; while they are so illiterate, I should suppose that it is better to have their sanitary conditions improved by the enforcement of some methods such as those adopted by the Improvement Trust. The Improvement Trust have got the power to enforce sanitary rules instead of trusting to the sanitary conscience of the people, to make them keep their houses in order.

I am afraid what I have said would appear to some as if I was pouring cold water on the scheme. The difficulty is that unless the people provide the money it would not be co-operation at all. If all the suggested concessions are granted, and if money is found, and they are allowed to manage a society, it would no doubt be an excellent thing. But it would not be co-operation unless the mill-hands contribute a substantial share of the money.

I do not know, gentlemen, if all of you have noticed the very generous and promising offer which Mr. Rajwadkar makes on page 6 of his paper. I think, gentlemen, it is a very courageous and a very generous offer, and if I might recommend, I would suggest that instead of accepting these 3 resolutions as general principles it would be better, if we do as Mr. Rebello suggests, try them as an experiment and see whether co-operation is really the key of this problem.

Dr. Lokre :—Mr. President and gentlemen,—I once tried a housing co-operative scheme for a place like Poona. The present house rents have been going very high and it is getting very difficult for the so-called middle classes, that is men whose average income is about Rs. 8 to Rs. 10 per head of the family, to get good accommodation and good sanitary surroundings. With this view I started with an engineer friend of mine to see how much capital would be required and what arrangements we would have to make in order to make the concern going.

The difficulties that we met with were as regards capital. Even if we could find out 20 people to contribute monthly or annually a little portion of their income, it would take about 6 years to amass that large amount of capital in order to make at least a beginning.

The second difficulty in our case was as regards advice. The cost of the advice for construction of the buildings on the cheapest lines on the best possible methods for accommodation was the next difficulty. That also we could not meet with as it was not possible for us to secure cheaper advice or even advice gratis. Possibly some of us feared that if we got the advice free there might be some sort of mis-application of money. That was another disadvantage.

The third and the most important consideration with us was the cost of the land. Middle class people want to live as far as possible near the business centre. They do not want to be far away from it, and in a place like Poona or some other district town they have no good means of conveyance. In such cases they want to be as near to the business centre as possible. That was a consideration in the case of the cost of the land. The cost was so high that it was thought impossible with the funds at our disposal to hire suitable pieces of land on which to build even the poorest houses.

The fourth difficulty was with regard to the permanency of the shareholders. People shifted from one place to another and the investor in such a concern had every fear he would go away one day or the other from the place. The return which he would have from the investment would not be in a practical form. That was also one of the considerations which we had in forming these associations.

If some way were found out to meet these difficulties, I think that would be a working concern. For the present, the Town Planning Act has been applied to many cities in the Bombay Presidency. My considerations are much more for the middle class people as we see them in other districts. If some way could be found out for these difficulties, I think that housing associations would be a working factor in the days to come. For the present, the provisions of the Town Planning Act have been applied to so many district towns and the object of Government as well as municipalities is to find better provision for the so-called poor and middle class people. If some sort of facilities as I pointed out were allowed, I think it would be better for many of the district town people to start such housing associations and make them really workable on a financial basis. I would, therefore, earnestly appeal to you to see and find out a way for removing the difficulties.

The Chairman :—Does Mr. Rebello wish to make any remarks (i. e., by way of reply on the debate)?

Mr. Rebello :—No.

The 3 resolutions were then put to the vote and carried.

XII.—Supervising Committees.

Mr. N. C. Kelkar :—Mr. President and gentlemen,—The paper which I have written has been taken as read and the resolution that I am putting before you might as well be taken to have been passed, because in my opinion the matter embodied in the resolution is a very simple one and non-controversial; and therefore rather than end with moving my resolution I would begin with moving it. The resolution which I wish to move is as follows :—

“That in the opinion of this Conference, supervising bodies should form an integral part of the constitution of urban co-operative societies, and that the Registrar of Co-operative Societies should be requested to draft by-laws in accordance with the suggestions contained in this paper.”

Gentlemen, if you look at my paper you will find that in the first part of my paper I have pointed out that the powers of supervision vesting in the general bodies are of course sufficient in some cases, but in others they are ineffective for certain reasons. In the second part I point out two conspicuous evils in regard to the managing committee and its work. If the members come all from one party, there is likely to be an unrighteous combination. On the other hand, if they come from two different parties, there is likely to be excessive party spirit. In the third paragraph I incidentally refer to certain circumstances which actually led to the formation of such a supervising body in the society to which I myself belong, namely, the Cosmos Co-operative Society. Then in the fourth paragraph I give information about the rules which my society has made with regard to its advisory body, and therein I also state particularly the qualifications necessary for membership of an advisory board or the supervising body. Then in paragraph 5 I also relate why the general body cannot be a good supervising body, specially with reference to the difficulty that is there in the first place in convening a meeting and in the second place with regard to the quorum which is necessary for passing resolutions. In the next paragraph I relate how the advisory board in the Cosmos Society has worked, and therein indicate the true spirit in which in my humble opinion an advisory board in a co-operative society should go to work. And lastly in the sixth paragraph I give an idea as to the powers which should be vested in an advisory board of this kind.

Now with regard to those suggestions, in the first place I must say that I restrict the proposal of creating supervising bodies only to urban societies, because in my opinion a sufficient number of competent men, such as are required for being members of this board, may not be easily found in rural

areas. Then I would say that the suggestion is not a new one. Of course, there is no elaborate theory underlying the suggestion I have made, and I have stated the idea only in a practical spirit. But since writing this paper it was pointed out to me that the Imperial Committee on co-operation has actually made this suggestion about the creation of supervising bodies and I was also told that this subject has also been discussed in some European countries, so that the proposal now put before you is not altogether a new one nor is it one which has not already recommended itself to thoughtful men working in co-operative societies.

I would not like to refer to any other thing in this paper, except perhaps to the last paragraph, because it relates to a very important matter, namely, the powers that should vest in the supervising bodies. Supervising bodies will, of course, in the first instance be supervising bodies. They will do general supervision. But the question naturally arises whether they should be only deliberative bodies or whether some sort of power should be vested in them. With regard to that, I have made certain suggestions and they are contained in paragraph 5 of the paper. I will read them to you. [Reads; see Appendix .] I have received two more suggestions after writing the paper. One is with regard to loans to members of the managing committee and the other is with regard to looking after the utilization of the money that has been actually lent. With regard to the other four, I think there will not be much difference of opinion. With regard to powers of sanctioning loans to members of the managing committee, you will readily realize this that the managing committee is the only body responsible for sanctioning loans and, when the question arises whether a loan should be given to a member of the managing committee, the awkwardness of the position is felt because the man asking for a loan is himself a member of the managing committee. Therefore, the supervising body will be best fitted to decide whether a member of the managing committee should be given a loan or not. I understand that in some co-operative societies the members of the managing committee may be also loan-holders. In my society there is a rule prohibiting the managing committee members from becoming loan-holders. Thus you will naturally see the advisability of including this power also. These are the powers of an executive nature that I wish should be given to the advisory bodies. I use the word "advisory" bodies, but I do not wish that supervising bodies should be merely advisory bodies. In my opinion they should have some executive powers. That covers the first part of my resolution, and the second part is that the Registrar of Co-operative Societies should be requested to draft by-laws in accordance with the suggestions contained in my paper. Of course, the Registrar is the proper person to give advice in each particular case, as to what executive powers should be entrusted to a particular supervising body, but even the Registrar himself would like to be guided by rules, though of his own making, and therefore I say he should draft by-laws in accordance with the suggestions in the paper, so that even his own action may be uniform.

With these words I recommend my resolution to the Conference for its acceptance.

Mr. Bhadrapur :—The proposal put forward before this Conference by Mr. Kelkar is that a supervising committee should be adopted in the case of urban societies by the Conference. His suggestion does not recommend this system to be adopted in the case of rural societies for, as he says, in the villages it is very difficult to find men competent to take up the position of members of the advisory board. As he says, advisory boards may very well be tried in urban societies. In an urban society the general body is generally a very large and unwieldy one; they have got very real and controlling powers but they cannot effectively exercise them. Hence the necessity for a supervising body in the case of urban societies. So I think it would be well if the urban societies adopt a system of having a supervising committee in their constitution. We must be very careful as to what powers we entrust to these bodies, and the chief thing is that we must take care that these bodies do not come in conflict with the managing committee. We must not entrust these bodies with very real executive powers: otherwise they would come in conflict with the managing committee and then we would have more trouble; so I think its powers

should be more negative rather than positive. I will also add the words "examine the accounts closely." I commend the proposal brought forward by Mr. Kelkar to this Conference.

The Honourable Mr. Carmichael :—In my opinion Mr. Kelkar's suggestion is likely to prove a very useful one.

The resolution was then put to the Conference and carried unanimously.

XIV.—Co-operative Societies and Education.

The Honourable Mr. Lalubhai Samaldas Mehta :—I shall follow the excellent precedent created by Mr. Kelkar and begin by reading the resolution and not end with it. This resolution is based on a paper which was written for this Conference by Sir Vithaldas Thakersey, who is unfortunately absent in Kashmir, but, gentlemen, I hope it will be accepted by the Conference. It is as follows :—

"This Conference approves as an experimental measure of Sir Vithaldas' proposal to give elementary literary education to members of the Managing Committees of Co-operative Societies, where they are illiterate, and requests the Registrar in consultation with a committee consisting of the Chief of Ichalkaranji, Dr. Mann, Mr. Marrs, Mr. G. K. Devdhar, the Honourable Mr. Lalubhai Samaldas and Sir Vithaldas Thakersey to take up this work at an early date. This Conference desires to express its best thanks to Sir Vithaldas for agreeing to find the money required in the initial stages of this work."

As the paper, which has been laid before you, is to be taken as read, there are only two points on which I have to say something. In some cases there is illiteracy even amongst the members of the managing committee. It has to be removed. Sir Vithaldas has an idea that it could be removed by the direct method of teaching, and by taking up the work in societies where the members of the society and the members of the managing committee are all illiterate. Where there is a school the school-master should help them. Where there is no school the school-master of the neighbouring village can come and do that work. The principal point is financing, and Sir Vithaldas has voluntarily come with the money. So there is no difficulty. As an experimental measure it may succeed or it may not succeed, but he is prepared to give the money, and Mr. Ewbank or someone else will have to find out the brains. If the money is not enough then the Conference must subscribe or go to Government. Sir Vithaldas has suggested that Mr. Ewbank should be a member of the committee and it is perfectly right that two or three other members should be nominated by the Conference. I now propose the following names for the committee :—

The Chief of Ichalkaranji.
Dr. Mann.
Sir Vithaldas Thakersey.
Mr. Devdhar.
Mr. Marrs and
Myself.

The resolution was then put to the vote and carried unanimously.

XV.—Control and Supervision of Borrowers and Sureties in Urban Societies.

Mr. Clark :—Mr. Chairman and gentlemen,—In the first place I must thank you for having taken the trouble to read my paper. The subject differs a great deal from the subjects we have been discussing. It touches upon the spirit in which our work as co-operators should be done. It bears a certain resemblance to the remarks made by Mr. Gandhi yesterday with which should like to say I cordially agree.

There is a great responsibility resting upon us as co-operators, because unless our work is a work of true co-operation, co-operative societies may become a curse instead of a blessing. Now our business—I refer largely to urban societies—is not only a business transaction, an organization for doing business on businesslike lines, but it is an organization for the development of

the moral tone of the people of this land. It may be that we have a proposition brought before us in which the security is good and we are prompted to issue a loan in reply to the application without any hesitation whatever, saying that this is quite a good business proposition. On the other hand, by issuing that loan we may be doing more harm than good. Co-operative societies must not become simply an additional facility for men to run into debt. It is quite possible, and it is very easy, for co-operative societies to become simply an additional means for enabling men to run into debt. Now I would like to emphasize the difference between debt and business liabilities. It is perfectly sound for a man to owe money upon good security for the purpose of carrying on his business. It is upon such work that the whole system of credit business is founded, as the business could not possibly do without it. But there is a debt which is incurred by extravagance or, it may be, misfortune, and we, as co-operators, have to consider in what way in both these cases we can really help. Our attitude then must be in regard to the applicant not merely the attitude of a money-lender. It must be the attitude of a friend, of a father. We must show sympathy to the borrower. I remember that just before Lord Curzon left India he mentioned that as one of the greatest powers that any man could have in dealing with matters concerning those who live in this country, and the word that he used and emphasized again and again was simply the word "consideration." We must have consideration with the feelings, the habits, and the customs of the people of this land, and we must show them cordial sympathy at all times. Now, it is in connection with this necessity for consideration that we as co-operators must deal with applications for loans. It may be we have an application from a man for capital for carrying out a certain business proposition. The security may be good, but before we issue that loan we must consider whether the capital is really not too great for the purpose required. Because you may do a great deal of harm by over-capitalization as well as by under-capitalization. If you provide a man with too much money and force payment of heavy interest you may be doing him much more harm than good. Go into the matter carefully as a friend, inquire into his resources, his assets, the amount of credit which he possesses, as a friend. He will then tell us all about it and we shall be able to judge and advise him wisely and well.

Then there comes the other matter—the matter of the reduction of debt—and here we can do still more, and it is here, I think, that the individual should seek to win the confidence of the applicant. For a co-operator has the power of sympathy and he should use it to the fullest extent. I have had men coming to me asking me to help them to get out of their difficulties, telling a pitiful tale of sorrow and suffering, throwing up their all and surrendering themselves to despair. I got to know all about the situation after talking the matter over and have been able to help them and set them on their feet again. It is that spirit in which I think we have got to deal. There is a way in which we can do it. If a man comes for a loan we must ask him all about his resources. We must give him sympathetic advice and show him how to get out of his difficulties. But there are men who will borrow money for a stated purpose and squander it on dissipation. How are we to meet these cases? We must assure ourselves that the money is used for the purpose for which it is given. We may insist upon the submission of the receipt of bills, or we may insist upon paying it ourselves and give him the receipt afterwards. It is only by personal touch with the individual that we may succeed; otherwise the work is going to be lost.

There is just another matter, and that is of sureties. Some people say we have got good security. You may say "the sureties are quite good, therefore issue the loan." That is not the spirit at all. Let us get those sureties to go and look after their interests and see that they are not required to suffer loss unduly. Let us insist upon it that the borrower shall pay his just debts and not allow the loss to fall upon his sureties.

It is only by these means that those who have the issuing of loans for the redemption of debt or even for raising capital will inspire confidence in the society among those with whom they deal. Now we have to look upon them

as children. The people of this land--both Europeans or Indians, I do not care one bit who it is--know next to nothing about financial affairs, and if you could only treat them as children and talk to them of the simplest principles of business, you will be doing them a splendid benefit. Now, let us do all our work with individual fervour, and I am perfectly certain that before us co-operators and before the co-operative societies that are in existence in this land, there is a magnificent future. Because this sympathetic way of dealing with them will win the confidence of the individual, and of the whole community, and gradually in this way the co-operative societies will become a mighty power for good in this land.

I have no resolution to put before you, but I commend these remarks to you as a matter which I have learnt from experience from dealing with men who have come to me day after day in their difficulty. I can only say that I know for a fact that large numbers look upon me as a much greater friend than I expected ever to be, and I think that the same result will attend the efforts of all co-operators who work with sympathy amongst the people with whom they have to work.

Conclusion of Proceedings.

The Honourable Mr. Lalubhai Samaldas Mehta then proposed a hearty vote of thanks to the Honourable Mr. Carmichael for having taken the trouble to be the President of the Conference and to the Registrar for the arrangements made for the Conference.

Mr. Devdhar seconded the proposal.

The Honourable Mr. Carmichael said that hearing the deliberations of the Conference was a great pleasure to him and he hoped that the co-operative societies would continue in the good work that they had been doing.

The Chairman ordered that the papers which owing to consideration of time had remained undiscussed should be printed as part of the Proceedings of the Conference.

The Conference then adjourned at 4 p. m.

His Excellency the Governor was "At Home" to the Members of the Provincial Co-operative Conference at Government House, Ganeshkhind, at 5 p. m.

APPENDICES.

APPENDIX I.

The Foundations of Co-operative Finance.

Although it may be a truism to say that the chief factor on which the success of the co-operative movement depends is the financial stability of all societies—Provincial and Central Banks, as well as primary societies, both agricultural and non-agricultural—it is necessary to reiterate this truism every now and then, for, if once that fact is forgotten, and there is failure on the part of one or two Central Banks to meet their liabilities, the confidence of the investing public in the movement will be lost and the movement will get a set-back and it will be a very difficult and up-hill work to recover lost ground. We have not forgotten the effect of the banking crisis in 1913-14 on the growth of the Indian Joint Stock Banks. Depositors did not care to distinguish between well-managed and ill-managed banks; one valued friend of mine referring to a bank with which I was concerned, and about whose stability I gave him a guarantee, said he had heard similar remarks from directors of other banks, that we all belonged to the same ilk and that he would have nothing to do with these banks. The *swadeshi* banking movement as it was then called has received a blow from the staggering effects of which it has not yet recovered. The case of co-operative banks differs from that of the Joint Stock Banks in the fact that they work under strict limitations imposed by the Act and by their own constitution and that their accounts are audited either by Government auditors or auditors specially appointed for the purpose by the Registrar of Co-operative Societies. Even in spite of these safeguards it is very necessary for all, officials and non-officials, who are interested in the growth of the co-operative movement, to keep this truism constantly in mind and see that the banks or societies with which they are connected are managed in such a way that they are able to meet their liabilities when they fall due. The Government of India recognized the importance of this aspect of the co-operative movement. The Government resolution of 8th October 1914, appointing the Committee, says: "The primary duty of the Committee will be to examine whether the movement in its higher stages and in its financial aspect is progressing on sound lines, and to suggest any measures of improvement which seem to be required. For this purpose the enquiry will be directed primarily to an examination of such matters as the constitution and the working of Central and Provincial Banks, the financial connection between the various parts of the co-operative organization, the audit, inspection and management of all classes of societies." The Committee's Report has been before the public for the last two years. As this is the first Provincial Conference held after the publication of the Report, and as the method of financial organization of the co-operative movement in this Presidency differs very much from that obtaining in other parts of the country, and as the decision of the majority of the Committee as regards fluid resources, if carried out in its entirety, is likely to hamper the growth of the movement here, it is necessary that we should carefully consider these proposals and come to a decision which, while giving all necessary guidance about securing the financial stability of the movement, will not in any way tend to check its further development.

Paragraph 155 of the Report says "that the majority recommend that Central Banks should, apart from the needs of the current and savings accounts, maintain as fluid resources a sum which would be sufficient to meet half the fixed deposits falling due during the ensuing year, even if no fixed deposits were received and no repayments of loans made." Paragraph 157 pushes the limit still further when it says that "a Central Bank must accordingly have a sufficient fluid reserve to meet the demands of its own depositors and of the deposits of the societies which are affiliated to it and have entered into arrangements with it, as well as the demands of affiliated societies for urgent loans." Paragraph 162 makes the Central Banks responsible for the audit expenses of themselves and their affiliated societies and under paragraph 98 on them devolves the work of inspecting primary societies. Paragraph 131 after taking cognizance of all these facts says: "It is clear that the minimum margin between the average rate at which Central Banks can borrow money and the average rate at which loans are made to members of societies must be about 6 per cent." And this, it must be borne in mind, is only the *minimum* margin.

Every banker—and I now refer to Joint Stock Banks—recognizes the necessity of having always in front of him a forecast for the next few months. That is usually the first thing that he looks at when beginning the day's work. The forecast tells him the amounts of deposits that mature during the period and of anticipated repayments of advances made. He finds out what deposits are likely to be renewed and also the loans for which there is a probability of demand for renewal. He then arranges to keep the fluid resources ready to meet his liabilities. He may have to stop fresh loans or may have to attract fresh deposits. There are no fixed rules for keeping a certain percentage of deposits in fluid resources. Each banker fixes his own percentage from the knowledge that he has of his clientele. One of the bankers whom we consulted

was of opinion that "the strength of the bank depends, not on its cash and fluid resources, but on the nature of the work done." He said: "It is quite impossible to lay down a hard-and-fast rule applicable to every bank; so much depends upon the nature and period of deposits in each case." Another banker said that no proportion between fluid resources and liabilities can arbitrarily be fixed for securing regular repayments of liabilities, and he added "that it depended entirely upon the tone of the market in which the bank is operating—the size of the deposits, and the nature and strength of the people who are depositors." In the absence of any definite guidance in the matter there were two courses open to the Committee—either to leave the matter to the discretion of the directors laying down only general lines of action for their guidance or to fix an arbitrary standard. The Committee selected the second alternative and in fixing the limit were guided by the experience of one province which had the good fortune of being officially represented on the Committee.

With reference to the work of a normal Committee, Joseph Chamberlain is reported to have said: "On every committee of thirteen persons, there are twelve who go to the meeting, having given no thought to the subject and ready to receive instructions. One goes with his mind made up to give those instructions. I make it my business to be that one." The Burma Registrar, having tried one particular system of fluid resources, and finding it working satisfactorily, as in Burma the deposits are usually for long periods—three years—and as the lending rate of interest to members is 6 per cent. higher than the rate charged to the societies by the Provincial Bank and 9 per cent. higher than the borrowing rate of the Provincial Bank, insisted on that system being adopted for the whole country. As the lending rate to members in other Presidencies and provinces was 12 per cent. and more, their representatives did not realize the harm that was likely to be done to Bombay and Madras by the adoption of this extravagant and rigid system of fluid resources. I myself remained unconvinced by his reasoning but the feeling of the Committee was that, if they were erring, they had better err on the safe side by prescribing too high rather than too low fluid resource. The Chairman with his usual courtesy has submitted my protest to the Government of India with the Report, and I want this Conference, if they approve of my views, to give their support to my protest.

The usual borrowing rate of the Provincial and Central Banks has in the last year been 5 per cent. to 6 per cent. (*vide* statement A of the Registrar's Report). With the new Government loan being at 5 per cent. at 95 and the War Bonds being issued at 5½ per cent., the average borrowing rate is likely to be 6 or a little above it in the case of Central Banks and a little above 5½ per cent. for the Provincial Bank. The margin for working on the lines laid down by the Committee on Co-operation is 6 per cent. I do not want to give here the detailed formula by which we arrived at this minimum margin of 6 per cent. We carefully worked out the figures separately and arrived at the same result. The margin of 6 per cent., therefore, may well be taken as a correct figure. If the recommendations made in the Report are carried out without any alterations, the lending rate to individual members must be raised to at least 12 per cent. The usual lending rate at present obtaining in this Presidency is 9½ per cent., and in some parts even this rate is considered too high, and although in most districts it is much lower than the *sowkar's* rate, we find it unfairly and severely criticized by members in the Legislative Council and by persons like Scrutator in the "Bombay Chronicle." Is this Conference prepared to recommend an all-round increase of 2½ per cent. in the lending rate to individual members of the societies, and, if it is in favour of this increase, does it think that the growth of the co-operative movement will in any way be affected by this increase? If the Conference is against any increase in the lending rate, the other alternative worth considering is whether there is any chance of reducing the borrowing rate to 3½ per cent., i. e., 9½ per cent., the lending rate, *minus* the minimum margin of 6 per cent. mentioned in paragraph 131 of the Committee's Report. When people can get 5½ to 5¾ per cent. by investing in Government paper, I do not see any likelihood of the Central Banks getting money either from depositors or by Government guaranteed debentures at anything less than 5¾ per cent. It is for the Conference definitely to express its opinion on the subject. The third alternative is to ask the Government to provide moneys either directly from Government Treasuries or from an apex State Bank at 3½ per cent. For some years to come after the world-wide war is ended the Government of India will not be able to reduce appreciably the rate they are now offering for Government paper. Is it possible that they will lend money at a rate about 1½ per cent. lower than their borrowing rate and lose on the transaction? It is not practical politics even to consider this alternative seriously. If the Conference comes to the conclusion that it is not advisable to increase the lending rate to 12 per cent., and if it thinks that it is not possible for the Provincial or Central Banks to get moneys at 3½ per cent., it should consider whether the system under which these banks are managed till now is satisfactory so far as the financial stability is concerned, and, if not, to suggest alternatives in the same so as to make them practically immune even at times of financial crisis.

Before coming to any decision in this matter it is advisable to look to the experience of (1) other countries and of the Central Banks in (2) this and other Presidencies. As regards (1), the Prussian State Central Bank has laid down that 20 to 30 per cent. of the total working capital should be held in cash and easily convertible paper, the latter including the pro-notes of societies. As regards (2), no other

Presidency or province, except Burma, has laid down any definite percentage of fluid resources for its Central Banks. One very capable Registrar was of opinion that "the soundness of a co-operative bank depends, not on its having a cash reserve enabling it to repay deposits falling due during a month or two of panic, but on the soundness of its investments and the strength of its reserve fund, and (so far as depositors are concerned) on the amount of paid-up share-capital." The statement on page 90 of the Committee's Report gives the proportion of cash balance in hand and the fluid resources that ought to be kept in hand if the recommendations made in the Report had been acted upon. I give below the figures of each Presidency and province:—

Province.	Total deposits.	One-half the deposits falling due in 1915.	Cash in hand	
			including undrawn cash credit.	excluding undrawn cash credit.
Madras ...	37.35	14.20	6.25	3.05
Bombay ...	6.98	3.60	.18	.18
Bengal ...	23.62	6.04	2.98	2.14
Bihar and Orissa ...	10.45	4.13	3.32	.29
United Provinces ...	40.63	11.85	8.55	7.09
Punjab ...	23.38	9.67	3.87	1.87
Burma ...	33.82	4.66	3.71	2.88
Central Provinces ...	15.92	4.98	10.29	1.78
Assam ...	1.50	.56	.17	.17
Total ...	218.65	69.69	39.22	18.95

It will thus be seen that the cash in hand (column 3) is much lower than the fluid resources prescribed in the Report.

The Central Banks in this Presidency have not, owing to certain reasons, developed to the same extent as in other parts of the country. A healthy stimulus has now been given to that branch of the movement and we hope soon to have strong Central Banks in all important districts of this Presidency. Examining the working of the existing Central Banks we find from statement H of the last Administration Report of the Registrar that the cash held by all the Central Banks at the end of the year 1916-17 was Rs. 67,013 against a total liability of Rs. 4,47,434. The cash balance thus works out to about 12 per cent. of the outside liabilities, the maximum being 58 per cent. in the case of the Karnatak Bank and the minimum 6 per cent. in the Surat Union. Till now none of these banks has made any arrangement with the Provincial Bank for standing cash credits against the pro-notes of their societies. The Provincial Bank, not having been able to issue all its debentures owing to some flaw in the Trust Deed in the first instance, and then to its not being able to get the debentures recognized as Trust Securities, was not in a position to give any such cash credits. The Government of India have now allowed the Chairman of the bank to introduce a Bill amending the Trust Act, and when that Bill passes through all the stages and is put on the statute-book, the Provincial Bank may be able to issue its debentures, of course at a heavy discount. But when it is able to do so it will be in a position to render greater assistance to the Centrals than it has been able to do in the past. Recently, thanks to the good offices of the Registrar and the Government of Bombay and to our Chairman being able as Chairman of the Presidency Bank to support our application with valid reasons, the Provincial Bank has been able to get a cash credit of 4 lakhs from the Presidency Bank. If after making provision for the immediate necessities of the primary societies, there is a sufficient margin in the hands of the Provincial Bank it will be glad to consider proposals for opening cash credits for some of the Central Banks not lending to individual members. This, however, is a digression. Coming back to the question of the fluid resources, we find that the Central Banks have not come to grief with an average balance of 12 per cent. of their outside liabilities with no cash credit arrangement with the Provincial Bank.

That the Central Banks all over the country have been able to carry on their business successfully even in these times is due to the local knowledge and personal influence of and confidence in directors of Central Banks. As time goes on the movement is likely to become more popular and better known to the small local investors, who will have greater confidence in the local management, more especially as they will usually know how the moneys of the banks are invested. On the other hand, the directors will gain greater knowledge of the technique of banking and will keep regular forecasts and follow them. What this Conference may well recommend is that the Managers or Managing Directors should prepare every week a statement showing the probable incomings and outgoings for three months ahead: the incomings to include the expected repayments by societies and renewal of deposits and the outgoings to include deposits that mature during the period as well as loans likely to be required by the societies. The management should follow this forecast in determining the cash to be kept in hand and the arrangements to be made to raise more funds if

necessary. These statements should be filed and be open for inspection to the Registrar, the auditors and also the inspecting staff of the Provincial Banks, if the Central Banks are having business transactions with the latter. If these officers find that the fluid resources kept by the banks are much less than what should be kept in accordance with the forecast, they should leave instructions for the guidance of the management. The quarterly returns prescribed by the Committee will show if the management of the Central Banks is carried on prudently, and if there is any deficiency the Registrar can immediately draw the attention of the management to the same and ask it to remedy the same. So long as the above suggestion is loyally carried out I am prepared to leave full discretion as regards fluid resources to the local management. The position of the primary societies in this Presidency is on the whole so satisfactory that I do not think it is necessary to make the Central Banks responsible for their liabilities. Our primary societies have a larger percentage of local deposits than the primary societies of any other part of the country excepting the Punjab, where owing to irrigation facilities and money being sent home by emigrants the conditions are quite exceptional. While we stand second as regards the deposits, I believe, and I say so without any personal bias, that as regards management our societies are second to none. They have been allowed to grow on correct lines and they are allowed all possible freedom of action. Instead, therefore, of making them financially more dependent on the Central Banks I would make them as independent and self-supporting as possible, for after all these societies form the real foundation of the whole co-operative movement. I need not say anything about the Provincial Bank, for the Conference, I hope, recognizes that with the present directorate some of whom are intimately connected with large Joint Stock Banks and hence are cognizant of correct banking methods there is no probability of its operations being conducted on rash or unbusiness-like lines.

I shall now take up the question of developing the financial side of the movement. Whilst the first and the most urgent necessity of the members of the agricultural credit societies, which for a number of years will form the bulk of our primary societies, is to find capital for agricultural operations, the ultimate aim of the movement should be to liquidate the existing heavy debts of the agriculturists and relieve them from the clutches of the *sowkar*. A few years back Mr. MacNeill worked out the figures of the indebtedness of one district and read a very valuable and interesting paper on the subject of debt redemption. Looking at these figures, one sees the vastness of the problem, which staggers one and seems incapable of solution, unless Government lends a helping hand either by having a State Co-operative Bank or a State-aided Apical Co-operative Bank. My friend, Sir Dinshaw Wacha, has for many years been insisting on the necessity of establishing a big agricultural bank on the model of the Egyptian Bank. He thinks the co-operative movement will not touch more than a fringe of the heavy indebtedness of the agriculturists in the country. While we—all co-operators—acknowledge that we have not been able to grapple the larger problem as a whole, we can honestly and sincerely take credit for having made a very good beginning in providing for the immediate needs of the agriculturists and teaching thrift and the methods of managing their own affairs to the agriculturists and raising their moral tone to a certain extent. An agricultural bank on the Egyptian model would never have looked to the educational side of the problem and would have led to the exploitation with Government help of the Indian peasant by foreign capitalists. If a similar proposal had emanated from Government it would have been strongly opposed and rightly so by non-official leaders throughout the country. Latterly, the Egyptian Government itself is finding that the operations of the agricultural banks have not been during the past few years as successful as in the beginning and want to introduce a system similar to ours. We must, therefore, give up the idea of having a bank on the lines of the Egyptian Bank. We must think of some other solution to meet the increasing demands of the societies to liquidate the existing debts of their members. The amount required for this purpose must be advanced for long terms. The Provincial Bank here has given loans that are practically repayable in ten years; the usual length of the period of deposits in this Presidency is not more than a year. To borrow for one year and lend out that sum for a five or ten years' loan would be the height of financial folly. The Bank must therefore be in a position to raise long-term moneys by debentures or should be able to re-discount the pro-notes with some existing banks. As I have said above, the Provincial Bank has been able to get a cash credit of four lakhs with the Presidency, but what is four lakhs compared to the requirements of the Presidency which on the basis of Mr. MacNeill's calculation would come to sixty crores of Rupees?

In view of the difficulties in our way in getting the sanction of the State for a guarantee of 4 per cent. on the debentures to be issued by the Provincial Bank and the subsequent attitude of the Government of India on the subject of a Government guarantee, it is not possible to get the Government of India to favour the scheme of Government guaranteed debentures for any Provincial Bank. Even if the principle of a guarantee did meet with the approval of the Government of India and the Secretary of State, the rate of interest to be guaranteed will be 6 per cent., and it is doubtful whether in view of the present market rate of Government paper any Provincial Bank will be able to put a large amount of debentures on the market. We have therefore to fall back on the alternative of a

State-aided Apical Co-operative Bank. Referring merely to the question of help required by the Central Banks to keep the requisite amount of fluid resources, and to the assistance that the Presidency Bank may be able to render in the matter, the Committee in the concluding portion of their Report say: "Failing this (Presidency Bank's assistance), according to the European precedent, the only alternative solution appears to lie in the establishment of a State Co-operative Apex Bank." After stating their reasons for not submitting a tentative scheme for such a bank, the Committee go on to say: "We are, however, greatly impressed by the difficulties which threaten the whole co-operative finance of the country, and we consider it necessary to place our views of these difficulties very prominently before the Government in order that such further steps may be taken as Government may consider necessary in order to secure a careful examination of this question and a satisfactory arrangement for meeting this serious deficiency in the existing co-operative organization."

The reason why I have recommended a State-aided Bank in preference to a State Bank is that the former will be able to get the assistance of non-official financiers and co-operators and will thus be in more direct and intimate touch with the whole of the financial organization of the co-operative movement than a pure State Bank whose management will, I am afraid, tend to be more on bureaucratic lines. The whole question requires very careful consideration and may perhaps necessitate the appointment of a Committee, but if this Conference believes that for the further extension and development of the movement some such apical bank is necessary, it must say so in clear and definite terms.

LALUBHAI SAMALDAS.

APPENDIX II.

The Place of Co-operative Societies in the General Administration.

Lest it be thought that the purpose of this paper is to advocate a closer official control of the co-operative movement, I desire to state at the outset that I have no such object in view. No one acquainted with the conditions of rural India and the history of the co-operative movement in this Presidency can be disposed to question the soundness of the principles on which the organization and working of co-operative societies now rest. It is recognised that societies must, so to speak, be born and not created; and that they must be free to lead their own lives, though if the life of a society is hopelessly bad it is cut off by the shears of the Registrar. I have no desire to interfere with the working of these natural laws. All I propose to do is to enquire into the reasons for which and the manner in which the activities of co-operative societies and the functions of the district officers should be co-ordinated. At present there is no such co-ordination. The sole duty which the Co-operative Societies Act assigns to the Collector is the function of an inquisitor. The Collector is entitled to have access to the accounts of a society, to call for information regarding its transactions and finally to call upon the Registrar to hold an enquiry into its working or financial condition. The rules under the Act contain no reference to the Collector. The Manual of Co-operative Societies mentions some of the directions in which a district officer can, if he likes, help to forward the movement, but the suggestions are not orders and lack the definiteness and continuity of purpose, which are necessary to the establishment of permanent relations.

Of the value of co-operation there is no need for me to speak. It may be said in short without exaggeration that co-operation affords the sole means of removing one of the impediments which now retard the progress of the agricultural industry. But co-operation possesses another merit which is of the utmost importance from the social and administrative point of view. Rural life in India is very simple and would be very happy were its placid current not disturbed by disunion. This distressing disorder prevails both in the village and in the family. Education seems unable to eradicate it. Even the discipline of service in the Army does not lessen it. Co-operation is the sole cure for this running sore, which yields readily to its healing influence. A flourishing and well-managed co-operative society is a happy family united by the most powerful of all bonds—self-interest. Membership of such a society confers a priceless education, of which the effect strikes the observer immediately in the intelligence and bearing of the members. This asset of co-operation bears directly on the primary function of Government—the maintenance of order—and furnishes a reason for the establishment of close relations between the general administration and the co-operative movement. I lay stress on this point because its importance may easily be overlooked in a general survey of the situation. The other reason for the establishment of a link between the activities of the co-operative societies and the district officers of the general administration, namely, the concern of Government in the welfare of the most important industry in the country, is more evident, but nevertheless does not seem to have attracted the attention which it deserves. The district officers of the Revenue Department occupy a very special position in the general administration. They are much more than tax-collectors and magistrates. Not only do they form the pivot of the administrative system, but they are brought by their varied functions and the tradition of the country into closer relations with the people than are the officers of any other branch of the administration. The domestic difficulties which have been brought to me and doubtless to most Collectors by Indian soldiers for adjustment during this war would surprise Government and the public in regard both to their number and their intimate nature. And though the paternal functions of Government may be derided by persons unacquainted with the real conditions of India, they do in truth exist and are capable of being turned to good account in the cause of co-operation. It is the district officer who can best create the atmosphere in which co-operation will thrive and it is this atmosphere which is wanted at the present time even more than capital. I do not minimize the urgent need of increased capital, without which indeed the growth of existing societies is impossible, but I believe that the atmosphere which will bring societies into being will also attract capital to the movement.

These observations must not be supposed to contain a hint of disparagement of the work done by the Registrar and his Assistants. Their work stands secure against attack. They have laid well and truly the foundations of the edifice which is rising before our eyes and I have no thought of suggesting that their work might have been better done by other hands or might be entrusted to other hands to finish. Nor must it be supposed that I wish to insinuate that the useful work done by the zealous band of Honorary Organizers could have been done more swiftly by the district officers or that the honorary workers now in the field should be displaced by officials, who would thus be in a position to reap where others had sown. The opening paragraph of this paper will, I trust, defend me against the imputation of any such unworthy intentions. The function which I would assign to the district officer will not bring him into competition or conflict with the existing official and non-official agencies. The district officer's sole function will be to create the atmosphere in which the co-operative movement will expand until it takes root in every village. He will not organise new societies or control the working

of existing societies. But in order that he may place himself in line with the movement it will be necessary, until the momentum increases, that he should endeavour to attend a general meeting of each society once a year. Inasmuch as the annual general meeting must be held in April he will probably find it convenient to attend a special general meeting for which from 5 to 7 days' notice is necessary. There is no reason to apprehend that the committee of any society will refuse to call a special general meeting at the request of the district officer; but should such a case occur, the model by-laws, which have presumably been followed by most societies, give the Registrar power to call a special general meeting. No change in the law or rules or by-laws is therefore necessary. The policy can be initiated immediately by an order of Government.

The district officers entrusted with this duty must be the Collectors and their Assistants and Deputies. The co-operation of officers of lower rank will not be necessary and may be inadvisable. And the more societies the Collector himself visits, the better the results. It is essential that societies should be visited at their own villages, and that the district officers should bear the objects of the meeting clearly in mind. Unless there be special reason for doing so, the society's accounts should not be inspected for the purpose of detecting fraud or error, though they should be glanced at for the purpose of obtaining a general idea of the manner of working and the rate of progress. The primary objects of the meeting are to enable the district officer to make the personal acquaintance of the foremost men in the society, to stimulate interest in the society on the part of the members and to convince the assembled villagers of the importance of co-operation. It will probably be necessary that the work should be done as part of the district officer's regular routine and that the manner and extent of its execution should be described in the district officer's annual administration report. Otherwise it is likely to be relegated in the course of time to the category of optional duties and may eventually be elbowed out of the field altogether by duties whose obligatory nature the district officer is never permitted to overlook. There is no doubt much to be said in favour of voluntary effort, but I think that the balance of practical advantage will be found to lie in the compulsory system. If the number of societies be larger than the Collector himself can visit in the course of his tour, he will naturally assign some to his Assistants and Deputies. Distributed thus the work will hardly occupy more than 3 hours a week of the district officer's time. If necessary other inspection work must be curtailed to allow time for meeting the co-operative societies. It will also be advisable that the Manual of Co-operative Societies should be added to the text-books prescribed for the higher standard departmental examination of Assistant and Deputy Collectors. Room can no doubt be made for the subject without difficulty.

The proposed revival of the ancient system of village panchayets opens up to co-operative societies a prospect of increased usefulness and influence. The societies will step naturally into a full share of representation on the panchayets of their villages and as the membership increases it seems probable that the societies' committees will become practically identical with the panchayets. If, as I hope will be the case, panchayets are invested with small civil and magisterial powers, these bodies will immediately assume an important place, not only in the scheme of local self-government, but also in the general administration, of which through the identity of their committees with the panchayets the societies will thus in reality though not in name become an integral part. But whether they are invested with civil and magisterial powers or not, the panchayets will require guidance from the district officers, for whom the practical identity of the societies' committees with the panchayets will be convenient. The panchayets will doubtless play a great part in the extension of the co-operative movement in the favourable atmosphere with which the district officers' sustained interest will surround it. And from their contact with co-operative societies the district officers in their turn cannot fail to derive knowledge which will add to their own usefulness.

Satara, 8th August 1917.

B. A. BRENDON.

APPENDIX III.

The Co-operative Movement and Local Self-Government.

Your Excellency and Fellow Co-operators,

I was personally anxious, even at this Conference, to pursue the study of my old subject of *indebtedness of the poor labouring classes* in urban areas, with the help of the additional information I had been enabled to collect on that subject, in places outside Bombay, particularly because I had introduced that question for serious discussion before the two preceding conferences. But it was suggested to me by a very kind friend that I should bring before this Conference a new subject on which resolutions were passed at similar meetings in other provinces.

2. The title of that subject is the "*Co-operative movement and Local Self-Government.*" This is altogether a new question before the co-operators of this presidency, and as I believe that on its right solution will depend the future of the Co-operative movement, I request the serious attention of this Conference to its examination. This subject has been discussed at regular provincial Co-operative Conferences in Bengal, in U. P., in C. P., and at district conferences in Madras. But I cannot say that it has attracted much public attention. It has not yet been taken up by any of the advanced Native States such as Baroda and Mysore where the Co-operative movement has developed successfully.

3. The essence of this question, in my opinion, lies in the recognition of the services of the Co-operative movement, on the part of Government and the public in such a way, as to associate Co-operative Societies with the discharge of larger civic functions that come within the purview of what is styled as Local Self-Government. Before entering upon its detailed examination, a few simple questions will have to be answered.

4. Has the Co-operative movement advanced sufficiently by now so as to deserve a wider recognition of the services it has rendered by bringing about the economic, educational, and moral improvement gradually effected in the lives of the poor people that are reached by it? Secondly, has it gathered sufficient strength during its career so as to bear the burdens of other activities outside the pale of economic advancement by reducing their indebtedness and their dependence upon money-lenders, which is one of its primary functions? Thirdly, is there any danger in enlarging the circle of its work at the present stage of its growth, without prejudicing its real interests? Fourthly, granting that recognition is easy and justifiable, will it be necessary to take any precautions to keep the movement to its moorings? Moreover, is there any need for coupling the two great movements? Has the time arrived for it? Has the experiment been tried anywhere or is it merely an academic question today? What will be the moral benefits of this step? What possible objections can be taken to its adoption? How does Co-operative work render a man fit for taking part in the larger affairs, first nearer home, i. e., Local affairs, and then later on in questions affecting the well-being of the whole country, i. e., Imperial affairs? Have the Co-operative Societies in India and outside justified the claim that is being made on their behalf for the recognition of their services by the bestowal of a franchise on some of its members of voting and candidature for elections of the Local bodies, etc.? What should be the steps for the extension of this franchise and in what way should these be worked out in order that its aim may be truly fulfilled? These are also some of the minor queries to which an answer will have to be attempted before I enunciate my proposition. On the answers we get to these inquiries will depend the decision of this question of linking the Co-operative movement with Local Self-Government.

5. At a time when a large section of educated Indians is asking for much closer association with the Government of their country, and demanding an effective voice in the management of its affairs, by direct participation in its administration, in the belief that the period of ordinary tutelage and apprenticeship should now be over and that a stage has been reached in the progress of education and administrative experience, when the people should be largely associated with the government of the country under the British Flag, on the basis of equal partnership, it is difficult even for the Co-operative movement to remain unaffected, especially when the Viceroy expressed the earnest desire of Government of spreading over a wider area Self-Government institutions, in his recent memorable speech in the Imperial Legislative Council. He said: "The first and foremost principle which was enunciated in Lord Ripon's Self-Government Resolution of May 1882 and was subsequently emphasized by Lord Morley and Lord Crewe in their Despatches of 27th November 1908 and 11th July 1913 respectively, was that the object of Local Self-Government is to train the people in the management of their own local affairs and that political education of this sort must take precedence of mere considerations of departmental efficiency."

6. Besides, while speaking of the need for constitutional reforms and the three paths leading to them, the Viceroy, as the "Times of India" of 7th September last puts it, "rightly emphasized the need for wider and more effective Local Self-Government on the recognized ground that this is the greatest training school in politics." His Excellency said:—

"The first road was the domain of Local Self-Government, the village, the rural board, the town, or the Municipal Council. The domain of urban and rural self-government

is the great training ground from which political progress and the sense of responsibility have taken their start, and we felt that the time had come to quicken the advance, to accelerate the rate of progress, and thus to stimulate the sense of responsibility in the average citizen and to enlarge his experience." In these words the Viceroy has defined the scope and meaning of local self-government and clearly pointed out the direction in which he would like both the Government and the people to move so as to train the average man in the discharge of his civic duties.

7. This is in my opinion an invitation to the people to learn to take a wider interest in affairs that concern their well-being and to closely associate themselves with the administration of their villages, talukas, towns and districts by taking an active part in such matters and thus to become ready to bear the burden of Self-Government when it may come; because, they will be of real use by virtue of the practical experience and other qualities which they will acquire in the process of work. I have taken up this question because I believe that Co-operative Societies positively help this process and greatly contribute towards the building up of moral elevation, social uplift, and practical capacity which form some of the essentials of a growing nationhood and which constitute some of the attributes of a self-governing people. Moreover, there is on the legislative anvil of Bombay Government a measure intended to broaden the basis of Local Self-Government beginning with the restoration of the old village panchayats with suitable changes, at the lowest rung of the constitutional ladder. Therein an attempt is being made to confer certain privileges or a franchise on the Co-operative movement in appreciation of the services rendered by it to the cause of nation-building by raising the character and the capacity of the average man and by making him a more valuable worker by virtue of the trained intelligence, wider experience, administrative grasp coupled with more enlightened public spirit, and a due sense of responsibility joined to practical knowledge of the affairs of the world as they affect the lives of the people at large.

8. My answer to the first question is that the Co-operative movement, speaking broadly, has been a very useful training ground even more useful than any other movement inaugurated so far in the interests of the backward communities that form the backbone of the country. In a few years more we may be able to say of the agriculturists in India what G. W. Russell has said of the Irish farmers who have become co-operatively organized:

"But these associations, while primarily called into being by the necessity of self-defence, have higher aims, and the creators of these associations all the world over have ever mingled the idea of protection with splendid dreams of the building up of a rural civilization. They soon realized that with union of men to help each other came the promise and the potency of a progress inconceivable before; that with more economic business methods, with cheapness in purchase, combination in sale, with science in the farm and dairy, with expensive machinery co-operatively owned, and with the complete control of their own industry, farmers could create and retain a communal wealth which could purchase for them the comforts and some of the luxuries of civilization. It is no unrealizable dream, but a perfectly practical programme which offers farmers, as the result of organization and loyal co-operation with each other, not only political power and economic prosperity, but also a more intellectual and enjoyable social life. We will yet see the electric light and the telephone in rural districts, the village hall with a pleasant hum of friendship in it."

9. Moreover, this great but silent change that is being slowly effected in the masses of rural population is a valuable asset and will be of much help in bringing the reins of Local Self-Government in hands in which they ought to be by right. It will be seen from the following quotation that similar things have happened in Ireland:—

"The promoters of the organization of agriculture in Ireland are trying to create in every parish associations of men to help each other and to do their business together. These associations demand for their success men of scientific knowledge and business capacity at their head. As the prosperity of the individual in the association depends largely on the success of communal enterprise, he rapidly develops public spirit and a desire for good leadership, and for the public welfare in which his own is implicated. These qualities in the parishes will become national attributes."

10. I am further of opinion, that the co-operative movement has done much constructive work in developing the moral qualities in our rural classes whose education in these qualities, according to modern standards, was neglected before the inauguration of this movement. From the point of view of the civic education of the vast agricultural community, therefore, it can safely be said that a great and potential instrument of civic education of the masses has been brought within their easy reach and it is doing its desired work. The same is the experience of Ireland.

Russell says:—

"Our Co-operative association, in Ireland, gathering more and more into themselves the activities connected with production, consumption, and distribution and even the social activities, as they grow more comprehensive in their aim, make the individual more conscious year by year that his interests are identical with the interests of the community."

11. In answering the third question I have to state that the education which the co-operators have received is sound and practical education in the affairs of the world. So far they have not interested themselves in any of the political, social or religious controversies. They have done, in a perfect spirit of harmony, the most important work of laying down the lines of economic improvement which was needed as an initial step towards the great task of looking after their large well-being. Co-operators as a class are not the so-called politicians, who are, as a rule, quite content with methods of criticism; but they are men engaged in practical business and have handled the problems of improving the agriculture of their country, which, according to Lord Willingdon, is the corner-stone of economic prosperity of the people of the land. They are an important section of nation-builders and as such their co-operation in the matter of Local Self-Government will be very valuable. I would venture to suggest that it would tend to make Local Self-Government real and effective for various reasons. If they thus keep to the original aims of the movement and do not allow themselves to be dragged into unproductive and useless controversies and do not get mixed up into race animosities or get hustled up into activities for which they are not ready—I dare say, the sound and practical education which the co-operators have received would enable them to keep within proper bounds and to ever continue as active and constructive workers. Then there will no danger.

12. It may be necessary to impress upon the minds of these people the need for holding fast to the Co-operative principles of harmony and unity. They should be very careful to eschew from their programme any matters of controversial character, such as political parties, religious feuds, and social revolutionary ideas that have the tendency of tearing to pieces composite bodies that have been formed to achieve some definite practical results. These differences are bound to disturb their peace and equanimity, fellow-feeling and harmony which are most essential for their successful work. But so far as Self-governing institutions nearer home are concerned, such as Village Panchayats when they will come into being, Taluka Local Boards, District Local Boards and even District Councils if they are created, will have ordinarily very little scope for such elements of disruption and disturbance. These deal mostly with local questions, imperial questions being more or less outside their legitimate sphere. So far the Indian Co-operative movement has steered clear of these difficulties, under the guidance of Government and the Honorary Organizers, and in this respect it has followed the policy adopted by the Co-operative movement in England. In some European countries it has become a victim of party politics with the result that its best interests have suffered. Fay in his book called "*Co-operation at Home and Abroad*" mentions several cases which may be read with advantage. In a word, no outside influence, useless and unnecessary, including even the State interference, should be allowed to mar the truly popular, mutually helpful, and democratic character of the movement.

13. It may be again questioned at this stage—has the movement gathered sufficient vitality to withstand all attacks and unnecessary encroachments that may be made upon its legitimate sphere? I believe it is gaining in strength day by day and is thus becoming a great factor and is destined to become a much greater factor of our growing national life so far as the bulk of the rural and poor urban population is concerned, and it is wise that its significance as a great factor in the district and urban administration should be recognized. Moreover, it would be a very feeble social force if it could not buffet these onslaughts. A tussle with the world outside co-operation will give it a healthy tone and widen its range.

14. My conclusion, therefore, is that with the safeguards mentioned above, the Co-operative movement will be able to utilize well the franchise of sending its representatives to bodies that are entrusted with the discharge of larger civic duties. Only it should be extended step by step. It may be pointed out here that the vast majority of the co-operators are very simple people and they are likely to make mistakes in choosing their true representatives. I do recognize that there is that danger, but the sovereign remedy to remove it or to reduce it is experience. It is no use, therefore, shirking to take this bold step cautiously and under proper safeguards and with due limitations. As it is not quite a simple question, for the present, therefore, I would restrict the franchise to the members of the Managing Committees of Co-operative Societies, empowering them to elect one or two members: from among themselves (co-operators) for bodies like the Taluka and District Local Boards and some Municipalities in each district, reserving the Councils—both Provincial and Imperial—to some later stage of development. I would first watch the effect of this experiment on the Co-operative movement as a whole and also examine the measure of contribution of useful service it was enabled to render to Local Self-Government in various districts, and judge of the independence shown by the members returned by Co-operative Societies. If the results justify the first step, further extension of the privilege of representation to both the Councils may be brought within the operation of that Act. But I would not take a rash step all at once. Co-operators are a class of workers and not talkers. As Sir Horace Plunkett says:—"A co-operative association brings to the front a new type of local leader, not the best talker, but the man whose knowledge enables him to make some solid contribution to the welfare of the community." The Village Panchayats,

Taluka and District Local Boards and even District Councils and Municipalities will afford them better fields for work than the Councils.

15. In order that co-operators may be truly enabled to reap the benefit of this new opportunity, my suggestion is that they should form a *separate constituency* and not be mixed up with the general body of voters where they might be swamped; it need not be condemned on the ground that it is another form of communal representation. What I would strongly urge is that co-operators are not a caste, but a social order or a community of people whose sole object is to benefit each other on the lines of self-help and self-respect by following strictly business methods. Anybody can come into it provided he has need for it. It is thus a democratic, cosmopolitan community, willing to embrace all and prepared to exclude none. Moreover, the principle of communal representation is criticized as being a defective principle, but it is not given up as being highly injurious to the community. Besides, co-operators like traders and merchants are a class of people knit together by common ties and common interests and thus form a *special group* in the country and they are a body of practical men sure to prove helpful to the body politic. It would be neither unwise nor undesirable, therefore, to treat the body of co-operators as a class deserving of special constituency.

16. Though the question of granting a franchise to Co-operative Societies is yet an academic question, it is likely to be brought within the range of practical politics in Madras, Bombay, and U. P.

Now that the Home Government have taken such a bold step in defining the policy for the Government of India and especially when the Viceroy has also expressed himself so very emphatically with regard to the basic constitutional changes, legislative measures will be brought before the several Provincial Governments with a view to widen the basis of Local Self-Government. This will mean an extended franchise. If Government, therefore, want to bring the rural population within their scope they could not do that better than by admitting the Co-operative movement within its fold. Thereby they would be giving representation to classes that were yet neither prepared nor educated for it and on that account were practically excluded. That would open legitimate scope for their ambitions and aspirations; that would open new channels for useful public services for which there is at present, though feeble, yet a growing desire as the result of education. Moreover, the co-operators are a body of select and trained men among the agriculturists who form nearly three-fourths of the population and are its stable element; that will create leaders among them, who will study their questions and be the bulwarks of a truly national life. In a word, that would make the dumb millions articulate for ventilating their needs and wants through proper channels.

17. As regards the question whether a need has been felt for it, the following information will be found interesting as expressing the views of different provinces in this matter. It is no wonder that the Indian Co-operative movement did not bestir itself so long in this matter when it is told that even the Co-operative movement in the United Kingdom did not yet attempt to get a direct representation in the House of Commons. But the recent imposition of excessive profits duty upon all Co-operative Societies brought the question into prominence and the principle of direct representation of the Co-operative movement in Parliament was approved and adopted at a meeting. Similarly there has not been any very serious thought given to the question by the co-operators in India. So far as I know, resolutions asking for representation of the movement on the Provincial Legislative Councils have been passed at (1) the VIIIth Provincial Co-operative Conference of the U. P.; (2) at the VIIIth Provincial Co-operative Conference of Bengal and (3) at the Federation Congress of the Central Provinces of July 1917; and (4) two District Conferences in Madras passed similar resolutions.

18. Bombay did not take up the question so far; but our Registrar is anxious that it should be discussed. Burma and Assam think it premature to discuss it. The Registrar of the Punjab in his letter to me on the subject says that "in the Punjab at present there is no need to ask for special representation of the Co-operative movement on the Legislative Council, as of the 7 non-official nominated members one is a Director of a Central Bank, and of the 11 elected members two are prominent Directors of Central Banks and another is President of his own village society. Another is interested in the movement. One of our members on the Imperial Legislative Council is now starting his own society in his village."

19. Personally he thinks that co-operators *as such* should avoid politics and is of opinion that "the British rule of keeping the movement separate from politics seems to be the wisest. What is essential is that the Government should really represent the agricultural interest or should at least realize the overwhelming importance of agriculture in the State. . . . It seems to me far more important to develop the educational side than the political. I would rather capture the Educational Department than a majority in the Legislative Council. Co-operation can get on without Government, it cannot get on without education and character, and the character that is required is the same character that makes Local Self-Government possible—a co-ordination of effort and subordination of the individual caprice to the common good. If we can develop our movement, make it widespread and instil into the general public knowledge of what Co-operation is and can accomplish then we need not trouble

about selecting co-operators for the legislature. Everywhere where there are elected representatives, there has been a marked tendency for these latter to be townmen with a town education and town sympathies and we find the same thing in India." This represents an extreme view of the case against representation.

20. Thus recognizing the need and the advisability of granting the much valued franchise of a vote—a mysterious power—to the Co-operative movement, I would further lay down the lines of working it out. The Local Boards Act will have to be modified by granting a legal status to the Co-operative Societies in each taluka and a district and when the Bill for Village Panchayats comes to be taken up, the privilege of voting and candidature for the elections of members to these Local bodies should be conferred on the members of the Managing Committees, these being formed into a separate electorate for each unit. Some go further in their proposal that a membership of a Managing Committee of a Co-operative Society should be included in the list of qualifications for voting and candidature in regard to elections to the Local Boards. In order to prevent abuse of this privilege I would make only such talukas eligible for its enjoyment as have the minimum number of Co-operative Societies with minimum total membership of 350. Co-operative Societies in such talukas alone should exercise this right through the members of their managing committees who will elect from among themselves one or two members to the Taluka Local Boards. In this way assuming that there are 6 Co-operative Societies—they will be as a rule more—in a taluka, the number of members of the Managing Committees of these societies will not exceed 42 at the rate of 7 per society and it is these 42 men who will elect a member to the Taluka Local Boards from among themselves. Now as regards the election of a member or members on the District Local Board: a district that can claim the minimum of 60 Co-operative Societies in it should have the right of electing a representative to the District Local Board. There will be two ways of proceeding about the business. First, you can ask all the representatives of the Co-operative movement on the various Taluka Local Boards in the district to elect one among them to represent the Co-operative movement on the District Local Board; or the second method will be to ask the whole body of the members of the Managing Committees of all societies in the district whose number may not exceed 420 forming constituency of their own on the basis of the minimum of 60 societies in a district, each society having about 7 members on its Managing Committee.

21. Ordinarily I would stop here for the direct representation of the Co-operative movement on the local representative assemblies. But the other provinces seem to go far ahead of me. These provinces want representation on the Local Legislative Councils and Bengal proposes a representation of the movement on the Imperial Legislative Council also. Thus their proposal is that all Central Banks including the District Co-operative Banks should have the right of electing a member from among their Directors to represent the whole province on the Provincial Council. The Bengal resolution goes further and proposes that all Provincial Banks in India should have the franchise of electing one of their Directors to the Imperial Legislative Council. Personally I would stop with the representation on all local bodies. Beyond that I would leave it to Government to co-opt an expert co-operator or nominate a non-official co-operator to the Council and the same may be done with regard to the representation for the Imperial Council. After trying the results of this experiment for 10 to 20 years, the rules should be revised and the basis of franchise may be usefully extended. This is a complicated question and it is difficult to dogmatize. I, however, formulate my proposal in the shape of a regular proposition on the lines indicated above. It may be framed in the following terms:—

Proposed Resolution.

The Bombay Provincial Co-operative Conference, 1917, unanimously resolves that the following recommendation be respectfully submitted to Government of Bombay for their favourable consideration:—

That in recognition of the valuable service of the Co-operative movement in this Presidency in the domain of economic improvement, moral elevation, practical education, administrative experience, and the development of the qualities of self-help and thrift on the part of the rural population and labouring class population in urban areas, Bombay Government be requested to so modify the Taluka and District Local Boards Acts, when the time of revision comes, as to secure direct and substantial representation to the Co-operative movement within that circle in the following wise:—

First, members of the Managing Committees of the Agricultural Co-operative Societies in a taluka containing not less than 6 registered Agricultural Societies should form a separate electorate for the purpose of electing one member from among themselves to the Taluka Local Board; secondly, members of Managing Committees of unlimited liability societies in a district containing not less than 60 duly registered societies should be formed into a separate constituency for the purpose of voting and candidature for the election of one member on the District Local Board. The same franchise of representation should be extended to Co-operative Societies in important Municipal areas in Taluka and District towns.

G. K. DEVDHAR.

APPENDIX IV.

The Moral Basis of Co-operation.

Your Excellency and Gentlemen,

The only claim I have on your indulgence is that some months ago I attended with Mr. Ewbank a meeting of mill-hands to whom he wanted to explain the principles of co-operation. The chawl in which they were living was as filthy as it well could be. Recent rains had made matters worse. And I must frankly confess that had it not been for Mr. Ewbank's great zeal for the cause he has made his own, I should have shirked the task. But there we were, seated on a fairly worn out *charpai*, surrounded by men, women and children. Mr. Ewbank opened fire on a man who had put himself forward and who wore not a particularly innocent countenance. After he had engaged him and the other people about him in Gujarati conversation, he wanted me to speak to the people. Owing to the suspicious looks of the man who was first spoken-to, I naturally pressed home the moralities of co-operation. I fancy that Mr. Ewbank rather liked the manner in which I handled the subject. Hence, I believe, his kind invitation to me to tax your patience for a few moments upon a consideration of co-operation from a moral standpoint.

My knowledge of the technicality of co-operation is next to nothing. My brother Devdhar has made the subject his own. Whatever he does, naturally attracts me and predisposes me to think that there must be something good in it and the handling of it must be fairly difficult. Mr. Ewbank very kindly placed at my disposal some literature too on the subject. And I have had a unique opportunity of watching the effect of some co-operative effort in Champaran. I have gone through Mr. Ewbank's ten main points which are like the commandments, and I have gone through the twelve points of Mr. Collins of Behar, which remind me of the law of the twelve tables. There are so-called agricultural banks in Champaran. They were to me disappointing efforts, if they were meant to be demonstrations of the success of co-operation. On the other hand, there is quiet work in the same direction being done by Mr. Hodge, a missionary whose efforts are leaving their impress on those who come in contact with him. Mr. Hodge is a co-operative enthusiast and probably considers that the results which he sees flowing from his efforts are due to the working of co-operation. I who was able to watch the two efforts had no hesitation in inferring that the personal equation counted for success in the one and failure in the other instance.

I am an enthusiast myself, but twenty-five years of experimenting and experience have made me a cautious and discriminating enthusiast. Workers in a cause necessarily, though quite unconsciously, exaggerate its merits and often succeed in turning its very defects into advantages. In spite of my caution I consider the little institution I am conducting in Ahmedabad as the finest thing in the world. It alone gives me sufficient inspiration. Critics tell me that it represents a soulless soul-force and that its severe discipline has made it merely mechanical. I suppose both—the critics and I—are wrong. It is, at best, a humble attempt to place, at the disposal of the nation, a home where men and women may have scope for free and unfettered development of character, in keeping with the national genius, and if its controllers do not take care, the discipline that is the foundation of character, may frustrate the very end in view. I would venture, therefore, to warn enthusiasts in co-operation against entertaining false hopes.

With Sir Daniel Hamilton it has become a religion. On the 13th January last, he addressed the students of the Scottish Churches College, and in order to point a moral he instanced Scotland's poverty of two hundred years ago and showed how that great country was raised from a condition of poverty to plenty. "There were two powers," he said, "which raised her—the Scottish Church and the Scottish banks. The Church manufactured the men and the banks manufactured the money to give the men a start in life The Church disciplined the nation in the fear of God which is the beginning of wisdom and in the parish schools of the Church the children learned that the chief end of man's life was to glorify God and to enjoy Him for ever Men were trained to believe in God and in themselves, and on the trustworthy character so created the Scottish banking system was built." Sir Daniel then shows that it was possible to build up the marvellous Scottish banking system only on the character so built. So far there can only be perfect agreement with Sir Daniel, for without character there is no co-operation is a sound maxim. But he would have us go much further. He thus waxes eloquent on co-operation: "Whatever may be your day-dreams of India's future never forget this that it is to weld India into one, and so enable her to take her rightful place in the world, that the British Government is here; and the welding hammer in the hand of the Government is the co-operative movement." In his opinion it is the panacea of all the evils that afflict India at the present moment. In its extended sense it can justify the claim on one condition which need not be mentioned here; in the limited sense in which Sir Daniel has used it, I venture to think, it is an enthusiast's exaggeration. Mark his peroration: "Credit, which is only Trust and Faith, is becoming more and more the money power of the world, and in the parchment bullet into which is impressed the faith which removes mountains, India will find victory and peace." Here there is evident confusion of

thought. The credit which is becoming the money power of the world has little moral basis and is not a synonym for Trust or Faith, which are purely moral qualities. After twenty years' experience of hundreds of men, who had dealings with banks in South Africa, the opinion I had so often heard expressed has become firmly rooted in me, that the greater the rascal the greater the credit he enjoys with his banks. The banks do not pry into his moral character: they are satisfied that he meets his overdrafts and promissory notes punctually. The credit system has encircled this beautiful globe of ours like a serpent's coil, and if we do not mind, it bids fair to crush us out of breath. I have witnessed, the ruin of many a home through the system, and it has made no difference whether the credit was labelled co-operative or otherwise. The deadly coil has made possible the devastating spectacle in Europe, which we are helplessly looking on. It was perhaps never so true as it is today that as in law so in war the longest purse finally wins. I have ventured to give prominence to the current belief about credit system in order to emphasize the point that the co-operative movement will be a blessing to India only to the extent that it is a moral movement strictly directed by men fired with religious fervour. It follows, therefore, that co-operation should be confined to men wishing to be morally right, but failing to do so, because of grinding poverty or of the grip of the Mahajan. Facility for obtaining loans at fair rates will not make immoral or unmoral men moral. But the wisdom of the state or philanthropists demands that they should help, on the onward path, men struggling to be good.

Too often do we believe that material prosperity means moral growth. It is necessary that a movement which is fraught with so much good to India should not degenerate into one for merely advancing cheap loans. I was therefore delighted to read the recommendation in the Report of the Committee on Co-operation in India, that "they wish clearly to express their opinion that it is to true co-operation alone, that is, to a co-operation which recognizes the moral aspect of the question, that Government must look for the amelioration of the masses and not to a pseudo-co-operative edifice, however imposing, which is built in ignorance of co-operative principles. With this standard before us, we will not measure the success of the movement by the number of co-operative societies formed, but by the moral condition of the co-operators. The Registrars will in that event ensure the moral growth of existing societies before multiplying them. And the Government will make their promotion conditional, not upon the number of societies they have registered, but the moral success of the existing institutions. This will mean tracing the course of every pice lent to the members. Those responsible for the proper conduct of co-operative societies will see to it that the money advanced does not find its way into the toddy-seller's till or into the pockets of the keepers of gambling dens. I would excuse the rapacity of the Mahajan if it has succeeded in keeping the gambling die or toddy from the ryot's home.

A word perhaps about the Mahajan will not be out of place. Co-operation is not a new device. The ryots co-operate to drum out monkeys or birds that destroy their crops. They co-operate to use a common threshing floor. I have found them co-operate to protect their cattle to the extent of their devoting their best land for the grazing of their cattle. And they have been found co-operating against a particularly rapacious Mahajan. Doubt has been expressed as to the success of co-operation because of the tightness of the Mahajan's hold on the ryots. I do not share the fears. The mightiest Mahajan must, if he represent an evil force, bend before co-operation, conceived as an essentially moral movement. But my limited experience of the Mahajan of Champaran has made me revise the accepted opinion about his 'blighting influence.' I have found him to be not always relentless, not always exacting of the last pie. He sometimes serves his clients in many ways or even comes to their rescue in the hour of their distress. My observation is so limited that I dare not draw any conclusions from it, but I respectfully enquire whether it is not possible to make a serious effort to draw out the good in the Mahajan and help him or induce him to throw out the evil in him. May he not be induced to join the army of co-operation, or has experience proved that he is past praying for?

I note that the movement takes note of all indigenous industries. I beg publicly to express my gratitude to Government for helping me in my humble effort to improve the lot of the weaver. The experiment I am conducting shows that there is a vast field for work in this direction. No well wisher of India, no patriot dare look upon the impending destruction of the hand-loom weaver with equanimity. As Dr. Mann has stated, this industry used to supply the peasant with an additional source of livelihood and an insurance against famine. Every Registrar who will nurse back to life this important and graceful industry will earn the gratitude of India. My humble effort consists firstly in making researches as to the possibilities of simple reforms in the orthodox hand-looms, secondly in weaning the educated youth from the craving for Government or other service and the feeling that education renders him unfit for independent occupation and in inducing him to take to weaving as a calling as honourable as that of a barrister or a doctor, and thirdly by helping those weavers who have abandoned their occupation to revert to it. I will not weary the audience with any statement on the first two parts of the experiment. The third may be allowed a few sentences as it has a direct bearing upon the subject before us. I was able to enter upon it only six months ago. Five families that had left off the calling have reverted to it and they are doing a prosperous business. The Ashram supplies them at their

door with the yarn they need; its volunteers take delivery of the cloth woven, paying them cash at the market rate. The Ashram merely loses interest on the loan advanced for the yarn. It has as yet suffered no loss and is able to restrict its loss to a minimum by limiting the loan to a particular figure. All future transactions are strictly cash. We are able to command a ready sale for the cloth received. The loss of interest, therefore, on the transaction is negligible. I would like the audience to note its purely moral character from start to finish. The Ashram depends for its existence on such help as *friends* render it. We, therefore, can have no warrant for charging interest. The weavers could not be saddled with it. Whole families that were breaking to pieces are put together again. The use of the loan is predetermined. And we the middlemen being volunteers obtain the privilege of entering into the lives of these families, I hope for their and our betterment. We cannot lift them without being lifted ourselves. This last relationship has not yet been developed, but we hope at an early date to take in hand the education too of these families and not rest satisfied till we have touched them at every point. This is not too ambitious a dream. God willing, it will be a reality some day. I have ventured to dilate upon the small experiment to illustrate what I mean by co-operation to present it to others for imitation. Let us be sure of our ideal. We shall ever fail to realize it, but we should never cease to strive for it. Then there need be no fear of "co-operation of scoundrels" that Ruskin so rightly dreaded.

Ahmedabad, 28th August 1917.

M. K. GANDHY.

APPENDIX V.

Co-operative Secretaries' Training Board.

(N. M. Joshi, B.A., Member, Servants of India Society, Bombay.)

The growth of the Co-operative movement in our Presidency, and the various directions in which it is advancing, clearly point to the need for placing it on a sound and educational basis; moreover, the growing ramification of the Co-operative activity has a chance of success if it is backed up by some knowledge of the principles of co-operation and its technique. Further, our last year's experience has clearly shown that the general public recognises the value of systematic education of the principles and methods of co-operation, inasmuch as nearly 300 people sent applications for being admitted to the Secretaries' Training Class which was started by the Servants of India Society, in collaboration with the Co-operative Department of the Bombay Presidency. Last year, soon after the successful termination of the class, Mr. Devadhar was called upon, as chairman, Provisional Committee, Co-operative Secretaries' Training Class, to frame a scheme for putting the work of training the secretaries on a permanent basis. In doing this, he was assured of the whole-hearted support of the department, financial and otherwise. He consulted about a dozen leading co-operators in our Presidency, who, without exception, agreed in regard to the growing need of the training of the secretaries, on whom depends, largely, the successful working of primary societies.

It is therefore attempted in this note to draw up a regular scheme and to set forth important details, with regard to its being worked out. The following, among others, therefore, are the important points, that need to be carefully considered at this stage, in this brief outline of the scheme:—

- (1) Organization and constitution.
- (2) Character and scope of its work.
- (3) Subjects.
- (4) Two courses of training, Junior and Senior.
- (5) Qualifications for the candidates.
- (6) Place or places at which the examination should be held.
- (7) The question of languages to be used as media of instruction.
- (8) Nature of examinations.
- (9) Season and duration.
- (10) Lecturers.
- (11) Whether Native States should be included in the scheme; their participation in work and contribution.
- (12) Expenses and how to meet them.
- (13) Value of the examination.
- (14) Prizes.

1.—Organization and Constitution.

The organization should be styled as Co-operative Secretaries' Training Board. It should consist of 15 members which number should be made up as follows:—

(1) Registrar	...	...	1
(2) Co-operative Department	...	...	3
(3) Servants of India Society	...	...	2
(4) Bombay Central Co-operative Bank	...	...	1
(4A) District Central Banks	...	...	1
(5) Central Co-operative Library (Bombay)	...	...	1
(6) Honorary Organizers nominated to represent Primary Societies	...	...	2
(7) Native States	...	...	2
(8) Representatives of trades, the knowledge of which is essential for the co-operative development, to be co-opted	...	...	2

15

N.B.—I keep these last because we want the help of these gentlemen in the organization of our classes in Bombay.

The Registrar should be the President of this Board and should have a casting vote. The Co-operative Department in this Presidency has succeeded in getting a large amount of its co-operative work done by non-official agency, employed in various directions, and the department has given great facilities to the non-official agencies in initiating measures of co-operative value. Though this scheme should be in the hands of the Board as suggested above, with the Registrar as its President, an executive committee of seven should be formed out of the Board, to arrange the details of the courses and to

control their working. And this committee should have a non-official chairman, who also should have a casting vote.

The Board should also have a vice-chairman, a treasurer, two secretaries and a clerk working under the secretaries. The appointment of the board, and the election of the office-bearers, should always be done each year, soon after the work of the examinations of the senior course is over, the responsibility in this matter resting with the retiring board. Members of the board will be eligible for re-appointment. The board should meet, at least, once a year, either in the month of June or two months before the date of the examination, to settle the programme of the training class, the subjects for the lectures, and the conduct of the examination at the end of the senior course.

2.—*Character and scope of its work.*

The functions of the board will mainly consist of (a) settling the course; (b) arranging lectures thereon; (c) conducting examinations (both Junior and Senior) therein; (d) making arrangements for the boarding and lodging of such of the candidates as would be admitted in the training class during the period its work is going on, and for those also that will come for the Junior Examination; (e) making programme for visits to places, the study of which would form part of the course of training; (f) awarding of certificates and prizes; (g) the collection of necessary funds and budget and such other duties as would fall within the purview of the objects of the board.

3.—*Subjects.*

In settling the subjects for the examinations care must be taken to see that the certificated secretary knows the principles of co-operation, its history, its types, its growth in other countries, its progress in India, its organization, and the possibilities of its growth in this country, and at the top of this general knowledge must be placed co-operative accountancy, the knowledge of the balance-sheet, preceded by a thorough knowledge of the act, the rules, and the bye-laws as expounded in the several chapters of the Manual or embodied in the circulars of the department and also the knowledge of arbitration proceedings to be undertaken on behalf of the societies.

4.—*Two Courses of Training, Junior and Senior.*

This amount of knowledge should be divided into two groups, one being training of Junior Secretaries, and the other for training of the Senior Secretaries, or one being a preliminary course and the other being the advanced course.

The Junior course, which may be studied by one intending to appear for the examination privately, should consist of the following:—

- (a) The Act.
- (b) The rules and the bye-laws.
- (c) Circulars of the department.
- (d) Elementary knowledge of the working of a co-operative society (the ten points).

The Senior course should deal with the remaining subjects mentioned above.

5.—*Qualifications for the Candidates.*

Candidates for the Junior or preliminary examination will have to attend a short course of instruction arranged at the divisional headquarters for four days, three for which will be for visits, lectures and teachings and one will be for the examination, written part being optional. They should be admitted to the examination on payment of a fee of Rs. 5 and on their declaring that they have either worked as secretaries of a co-operative society or will work in that capacity or are connected with the co-operative movement, and will promote it.

The students for the Senior class should be selected generally from among those that have passed the Junior examination and a fee of Rs. 5 should be levied upon all. In the case of students from Bombay who will not be lodged and boarded by the Examination Board, a fee of Rs. 3 should be charged. This may be increased later on.

6.—*Place or places for the Examination.*

If possible, there should be an examination, conducted in the Junior course, in three different languages, Marathi, Gujarati and Canrese; it being arranged by the board with the help of the Registrar at Bombay (in Marathi and Gujarati) and the following three headquarters, Poona, Ahmedabad and Belgaum (in Marathi, Gujarati and Canrese respectively). Until a stage is reached in the development of this organisation when a paid assistant permanent secretary will be necessary to go from place to place, a man, for the present, should be selected at each divisional headquarter, to work under a local committee, to arrange for the three days' stay and for the conduct of the examination, and to arrange one or two lectures on co-operative subjects for the benefit of those who present themselves for the examination.

The Senior class should be conducted in Bombay, alone, for a certain number of years as no other place in the Presidency offers the same facilities as Bombay does for

the advanced study of the subject, on the lines adopted last year. This was realised by all connected with the conduct of the class last year (*vide* Report of the Co-operative Secretaries' Training Class last year, *i.e.* 1916, given as appendix to this paper). Moreover, a week's stay in Bombay, on the part of the people who never come there frequently, opened their minds and their eyes to the existence of economic forces, that could be utilized in the furtherance of the co-operative movement; further, it is more easily possible to get in Bombay, people who can lecture on co-operative and allied subjects.

7.—*Question of languages ; media of instruction.*

Two languages should be used in Bombay, *viz.* Marathi and Gujarati. As for the Canrese, secretaries willing to attend this class, only those who understand Marathi, should be selected for the Senior course for some years, they being given the option of answering their papers in Canrese, as was done last year. The lectures should be arranged both in Marathi and in Gujarati. However, an attempt should be made to give the courses in Canrese also if that could be arranged and also in Sindhi if a sufficient number of secretaries could be found to avail themselves of this course.

8.—*Nature of the Examination.*

The examination for both these courses should be both written and oral; there being two papers, one testing the general knowledge and another testing the knowledge of the co-operative technique, and the preparation of the balance sheet. The oral examination should be conducted with a view to ascertaining the practical grasp by the candidate of the essentials of co-operation and its methods.

A certificate of having passed the examination should be given to one who will obtain 40 per cent. marks in each of the papers and in the oral and 50 per cent. in the total.

9.—*Season and duration.*

The board should conduct this class in Bombay for a period not exceeding ten days in the month of August or at a time when the majority of the agriculturists are supposed to be comparatively free from their field-work. The Junior examination should be taken in June or two months before the Senior course begins.

10.—*Lecturers.*

The programme for the training class should be settled by the board and the lecturers also should be selected by them; it being always understood that the services of the Senior Auditors in the three different divisions of the Presidency (Sind being left out of account for some time) be kindly lent by the department to this board, by sanctioning a minimum stay of a week in Bombay, on duty, on their part, giving them all the concessions of allowance, etc.

11.—*Native States.*

Mr. Devadhar consulted some of his friends in the Native States both in the Kathiawar and in the Southern Maratha Territory, asking them if the States would like to participate in such work, and would find it worth their while to take advantage of this scheme of co-operative training for the benefit of their subjects and if they would be willing to bear proportionate financial burden of working out the scheme. He received encouraging replies unofficially, and I personally think that if they are properly approached they will not lag behind.

12.—*Expenses and how to meet them.*

For some years until the movement acquires stronger hold on the minds of the people, this education as far as possible should entail no financial burden on those that will be selected to take the benefit of this class and therefore it should fall upon those bodies that are interested in the growth of the co-operative movement and are responsible for its spread. From my present experience I should think that a sum of Rs. 2,300 as shewn below should suffice for a few years in the beginning, to conduct the Junior examinations, for about 20 candidates at each of the centres, Bombay, Poona, Ahmedabad and Belgaum; and in addition to conduct a class for the Senior examinations with about 60 students divided into two sections, Marathi and Gujarati, at Bombay.

In the calculations made below it is taken for granted that 80 candidates shall present themselves for the Junior examination, and that 20 of these will be from the Native States; while out of the 60 candidates expected to appear for the Senior examination 10 will be from the Native States, 15 from Bombay and 35 will be selected by the department. It being always understood that the Committee's hands should not be fettered as regards the number in each class, provided a fee of Rs. 5 is levied on all those candidates admitted to the class who are not recommended by the Co-operative Department, Rs. 3 being charged in the case of students from Bombay.

Last year, for a week's stay in Bombay, a sum of about Rs. 600 was required to meet the expenses including the travelling charges to and from Bombay, of 30 men selected by the Co-operative Department. At this rate for a ten days' stay Rs. 25 on an average will be required for each man, including his travelling charges. Then to

train the 35 men that would be selected by the department, Government should contribute towards the expenses a sum of Rs. 700, the remaining Rs. 175 being realised from fees to be paid by the primary societies.

If 60 candidates from British territory present themselves for the Junior examination Rs. 600 will be required at the rate of Rs. 10 per candidate. Of these Government should contribute Rs. 300 at the rate of Rs. 5 per head, the remaining Rs. 300 should come from primary societies as examination fees.

It is expected that 20 candidates from the Native States will appear for the Junior examination and 10 for the Senior. The State should pay the whole expenses of the candidates, *i.e.*, Rs. 25 per candidate for the Senior examination and Rs. 10 for the Junior. The board shall then undertake to bear all costs including travelling charges of the candidate sent by the State as in the case of candidates from the British territory.

The 15 men who would be elected from Bombay City for the Senior class should each pay a fee of Rs. 3 as no charges for boarding and lodging will be incurred on their account, and this amount of fees should be paid by the primary society to which the secretary belongs.

Money spent in this way is ultimately sure to be helpful to Government in proportionately reducing the cost to Government on inspections and auditors for the societies, because a clever secretary who keeps his accounts well, will not detain the Government auditor for a considerable period, which is often the case in respect of backward societies staffed by untrained secretaries. The other source of income should be a contribution from the Central Co-operative Bank, as to that body also a trained secretary is of very great help. It is also in the interest of the primary societies, whose secretaries will be selected from time to time, and therefore those societies the secretaries of which are selected for training should contribute towards the expenses of this class a sum of Rs. 5 which should be levied as a fee for admission.

Therefore, the income and the expenditure on the basis referred to above will be as follows :—

			Income.
			Rs.
<i>Junior Examination.</i>			
Government	...	...	300
Fees, 60 × 5 (primary societies)	...	...	300
Native States, 20 × 10	...	...	200
			800
Candidates' expenditure, 80 × 10	...	...	800
<i>Senior Examination.</i>			
Government	...	...	700
Fees (primary societies), 35 × 5	...	...	175
Bombay men, 15 × 3	...	...	45
Native States, 10 × 25	...	...	250
			1,170
<i>Senior Examination expenditure.</i>			
Candidate selected by Government, 35 × 25	...	...	875
Bombay candidates, 15 × 3	...	...	45
Candidates from Native States, 10 × 25	...	...	250
			1,170
<i>Total Income.</i>			
Government	...	...	1,000
Primary societies (paid as examination fees)	...	...	475
Fees of Bombay candidates	...	...	45
Native States	...	...	450
Central Banks	...	...	300
			2,270
<i>Total Expenditure.</i>			
Junior examination	...	...	800
Senior examination	...	...	1,200
Certificates and prizes	...	...	100
Report and miscellaneous expenses	...	...	170
			2,270

13.—Value of the Examination.

In order that this examination should be considered valuable, a certain amount of dignity and importance should be given to the certificated secretary. A candidate should, on passing the examination, be given a certificate signed by the Registrar as the President

of the Board and by the Chairman of the executive committee who should be a non-official. As in the Educational Department appointment of a trained teacher is a factor in estimating the status and the educational value of a particular school, similarly in assigning the class to a co-operative society the department should take into account the factor of a certificated secretary for the society. Roughly some face-value should be attached to the certificate, as is done in the case of certificates given to teachers by the Educational Department. For ordinary small village-societies the aim should be to employ secretaries, at least with Junior Examination Certificate and the value of that certificate should be a salary of Rs. 5 per mensem, after the society has been actually working for over a year. For bigger village-societies and for those working in urban areas the aim should be to appoint a secretary with a Senior Certificate and the minimum face-value salary for that certificate should be Rs. 10 after they have been actually working for over a year.

Another way in which the value of a trained secretary could be recognised, would be to select for the position of *inspectors* such of the secretaries as may be found by experience and good work competent to discharge those duties in the way the Debt Redemption Committee, Bombay, has done.

14.—Prizes.

For the Junior Examination there should be three prizes given to three candidates who will stand highest in the results of the examinations at the three divisional Centres, and one for Bombay.

The value of this prize should be Rs. 10.

For the Senior Examination two prizes of Rs. 20 each should be awarded to the candidate who stands highest in the result, one for each of the sections Marathi and Gujarati.

Conclusion.

In conclusion I would say that the value of a trained secretary to a co-operative society, is as great as the value of a trained librarian to a well-equipped library. It is said by an American writer, that a trained librarian is 75 per cent. of the library. Similarly it might be said that a trained secretary of a co-operative society ensures 75 per cent. of its successful working. In India it is in this Presidency alone that this experiment of the training of secretaries, on such a large scale, is being tried. Last year's (1916) work was a decided advance upon and improvement of the work done in 1915 with regard to the training of secretaries of the societies under the cognizance of the Debt Redemption Committee done by the Servants of India Society. And its success has deepened our faith in its usefulness, and has led us to believe that in the long run it would be more economical to have a large number of trained secretaries, sent out, trained at the cost of Government mainly, than to employ highly paid auditors and inspectors.

Herewith is printed as an accompaniment the Report in English of the last year's Co-operative Secretaries' Training Class, the object being to explain the many details of the above scheme.

N. M. JOSHI

SUPPLEMENTARY NOTE.

Report of the Co-operative Secretaries Training Class, Bombay, 1916.

The Bombay-branch of the Servants of India Society was able to establish at Bombay a few co-operative credit societies, which were ultimately placed under the cognizance of the Debt Redemption Committee, Bombay. After some experience of the work of these societies it was felt that the working of the societies would be rendered more efficient and would command more confidence if the secretaries were given a training in the principles of co-operation and its technique. A class was accordingly organized in 1914 but did not prove much of a success. Not deterred, however, by this comparative failure, the Society, encouraged also by the Registrar, tried the experiment once more in 1915. This year the class proved a great success, and certificates were given to about a dozen Gujarati and Marathi secretaries, after examining them orally. It was, then, clearly seen that the idea of training secretaries was a practical one and that it should be vigorously put into operation and it was also realized that it was not difficult to secure the necessary assistance from the Department which itself was very keen to give, as also from the general body of co-operators in Bombay and from the mofussil. Thus encouraged it was proposed to widen the scope of this work with the help of the Registrar.

The Registrar in his letter to Mr. Devadhar No. 5257, dated 5th June 1916, expressed a hope that the Servants of India Society would again organize a course of training for the secretaries. He entirely agreed that that sort of work was of the utmost value to the co-operative movement, and he promised to give every assistance in arranging the classes. In particular the Registrar undertook—

(a) to place the services of two auditors at the disposal of the Society, for a week, to conduct the classes in Marathi and Gujarati;

(b) to pay all incidental expenses in the way of books, stationery, etc.;

(c) to ask the Assistant Registrar Mr. Gonehalli to visit the class, deliver a lecture, and to serve as an examiner at its conclusion jointly with Mr. Devadhar;

(d) to advertise the classes in Gujarat and Deccan and to induce as many mofussil secretaries to attend as possible. As an encouragement, he proposed to pay departmentally their third class fare to and from Bombay, and 6 annas *bhdta* per day while they were absent from their villages.

The Registrar hoped to receive help from the Servants of India Society in the following manner. He hoped that the Society would lend its hall rent-free for the classes, that its members would lecture to the secretaries on various co-operative topics and that it would arrange to take parties of secretaries to visit neighbouring millband societies, and give them practical instruction on the spot. The Registrar thought that it would be convenient to hold the class from August 23rd to August 30th.

The proposal, accompanied as it was by such a liberal promise of help, was thankfully accepted. Mr. Devadhar framed a scheme for the conduct of the class, and submitted it to the Registrar with his letter of the 24th June 1916, and it was accepted by the Registrar with some slight modifications. The scheme was founded mainly upon Mr. Devadhar's experience of the "Summer School" at Bangalore, organized by the Young Men's Christian Association in 1916, for the training of the secretaries of their various branches in India, at which he was called to deliver four lectures on "Indian Economics." Then a Committee was appointed to arrange the details of the scheme which consisted of the following gentlemen:—

- (1) Mr. G. K. Devadhar, M.A., Chairman.
- (2) Rao Bahadur S. S. Talmaki, B.A., LL.B.
- (3) Mr. Vaikunta L. Mehta, B.A.
- (4) Mr. C. S. Deole, B.A., Honorary Treasurer.
- (5) Mr. N. M. Joshi, B.A., Honorary Secretary.
- (6) Mr. A. V. Thakkar, L.C.E., Joint Honorary Secretary.
- (7) Mr. H. V. Rajwadkar.
- (8) The Assistant Registrar Mr. Gonehalli, M.A., B.Sc.
- (9) Mr. N. S. Kaushik, B.A.

The scheme of the training class consisted mainly of the following four parts:—

- (1) Lectures on general co-operative topics,
- (2) Lectures or lessons on technical subjects relating to co-operation,
- (3) Teachings or demonstrations of co-operative working, and
- (4) Visits to places of co-operative interest, etc., etc.

In the scheme it was proposed that there should be five lectures on general subjects and seven on special ones. As for the general lectures it was suggested that

(1) Mr. Devadhar, (2) Mr. Deole, (3) Mr. Gonehalli, (4) Mr. Kale of Hadapsar (in Marathi) and some Gujarat secretary in Gujarati, (5) Mr. N. M. Joshi (in Marathi) and Mr. A. V. Thakkar (in Gujarati) should lecture on (1) Needs and history of co-operation; (2) The benefits of the movement—moral, material, social, educational, etc.; (3) Co-operative administration in the Bombay Presidency and types of co-operation; (4) Agricultural co-operation and its need and nature; (5) Labouring class co-operation and its nature and need.

As for the special subjects, it was proposed that there should be lectures on (1) The Act, the rules and the by-laws; (2) The valuation of the assets of members of the societies and collection of information for the formation of co-operative credit societies; (3) Accounts forms, books and writing minutes of the meeting of the Managing Committee, general meetings, etc., etc.; (4) Practical book-keeping; (5-6) Exercises in book-keeping; (7) Preparation of the balance-sheet. These lectures were proposed to be delivered in Marathi by Mr. Gore and in Gujarati by Mr. Sethna.

Besides these lectures the scheme included five demonstrations or teachings as follows:—

Mr. Devadhar	...	...	(1) To explain the nature of the responsibilities of being a member of a co-operative society and the qualifications for membership.
Do.	...	...	(2) How to collect information of persons proposing to join a co-operative society—(1) both in a village, (2) in a town or city.
Mr. Sane (of Barsi)	...	...	(3) Investigations for applications for loans and new applications for membership.
Mr. Gonehalli	...	...	(4) Security for over-due debts, remedies for realization and details of the process of arbitration.
Mr. Tarkunde (in agricultural areas).		}	(5) To gather information about the old debts of members and to study the methods of conciliation or settlement with the money-lender (in villages and in towns or industrial centres).
Mr. N. M. Joshi (in industrial centres).			

At the suggestion of the Registrar the names of Messrs. Sane and Tarkunde were dropped owing to consideration of distance and Rao Bahadur Talmaki, Mr. Kaushik and Mr. Ramnikrai Mehta were requested to take their places, as it was thought more convenient to get lecturers from Bombay itself.

It was, moreover, suggested that the secretaries should be taken round to visit the different co-operative societies in Bombay. It was feared that the lectures, etc., would have, as far as possible, to be arranged at night, because the Bombay secretaries would not be free during the day. It was further proposed that there should be an examination, both written and oral, and that certificates and prizes should be given to proper candidates. The estimated expenditure for conducting the class was first put at Rs. 400 on the supposition that 25 secretaries from the mofussil and 12 from Bombay would be chosen, but later on it was found necessary to enlarge the scope of the class and thus necessitated a considerable rise in the expenditure which ultimately came up to Rs. 600 nearly. Mr. Devadhar concluded by promising to be responsible for the conduct of the course of lectures and for preparing a detailed programme.

The Registrar in his letter No. 6235, dated 25th June 1916, made a few suggestions which were incorporated in the scheme.

Mr. Devadhar in his letter of the 1st of July submitted a programme, subject to the approval of the provisional Committee. He in common with the Registrar felt that it was a pity that the mofussil people should be kept disengaged for the whole day. He therefore proposed that during day-time they should be taken to visit several places of co-operative value from the educational point of view. The following visits were accordingly arranged:—(1) co-operative societies, (2) mills, (3) the cotton-green, (4) potato and onion stores, vegetable markets, grain stores, stores of agricultural products and stores of fish-manure, (5) stores of agricultural machines, (6) docks and the P. O. Steamship "Caledonia" and lastly (7) visits for acquainting the secretaries with the methods of investigation into details of the lives of the people living in cities and engaged in humble profession. These visits were coupled with a talk, making clear how agriculture at the bottom is vitally connected with the whole edifice of the industries and the commerce of the country.

It was proposed by Mr. Devadhar that there should be two hours' work at night, the first part of the time being occupied by a lecture for 45 minutes, followed for 15 minutes by questions relating to the subject-matter of the lecture, and the second part by teachings of practical nature followed similarly by questions.

The Registrar fully approved of Mr. Devadhar's outline of the syllabus and he issued a circular summarizing the main points of the course and calling for candidates. The Committee then prepared a detailed programme and had it widely published. They also published some suggestions to the mofussil secretaries. There were nearly 300 applications from secretaries for admission in the class. The Department had to reject as many as 150 applications. This shows how popular was the idea of holding such a class.

The class met on Wednesday, 23rd August. The Bombay secretaries attended the classes in the evenings only but could not either do so in the mornings or in the afternoons, being engaged in their work at these hours of the day. The programme of the class is appended to this paper.

The Registrar sent 30 secretaries, 2 of whom could not turn up; of these, 12 were from the Deccan, 4 from Carnatic and 14 from Gujarat. The provisional Committee selected 48 students, of whom only about 40 attended the classes regularly.

Out of the 78 students on the roll, 10 did not turn up at all, or dropped in the middle; 68 attended throughout and 57 appeared for the examination.

(The Bombay secretaries mostly absented themselves, because being less advanced they could not keep pace with the outsiders who were much more quick in grasping things. For the benefit of the Bombay secretaries, therefore, it was felt that a more simple attempt at teaching them those subjects suited to their capacity was necessary.

Thus in all, 25 Gujarati and 32 Marathi students appeared for the written examination. The Canarese secretaries, numbering 4, answered their question papers in Canarese, and these were examined by Mr. Gonehalli. Fifteen Marathi students were declared to have passed the examination together with the four Canarese secretaries, thus making the total of passes 19 from the Marathi class. Grace-marks had to be given to 7 students among the 19 that passed from the Marathi class. The number of grace-marks in no case exceeded 10 and were given to those students only whose total came up to 100, in both the oral and written together. In the Gujarati section among the 9 that passed out of the 25 that appeared, 6 had to be given grace-marks on the principles indicated above. Thus the passes show 59% for the Marathi class and 36% for the Gujarati one.

The uniform percentage of marks that was required to pass the examination was 50% in the written section and 70% for Marathi students and 60% for the Gujarati students in the oral. The percentage was lowered in the case of the Gujaratis because the marking in the latter case was comparatively stiff. In this connection it may be mentioned that, in order to ensure good regular attendance in the class 10 marks were assigned to regularity and 10 to notes taken in the class, due intimation of these two points being given to the students at the commencement of the course.

After the examinations were over, the students and the teaching staff and those that had assisted in the work of the classes were photographed in two separate groups in the morning of the last day. In the evening Mr. Ewbank gave an entertainment which came off at the end of the last meeting at which Mr. Devadhar thanked all those who had helped the Servants of India Society in the organization of this class and specially Mr. Ewbank who did everything in his power to make the class a success. This gathering was addressed by several pupils that attended the classes from the British districts and also the Native States in Southern Maratha Country and Kathiawar and by Honourable Mr. Lalubhai Samaldas, Dr. Sir Stanley Reed, Mrs. Avantikabai Gokhalay, Mr. Ewbank and others, the latter thanking the members of the Society and Mr. Devadhar especially for starting this idea of training the secretaries of co-operative societies and carrying it out so successfully in spite of his bad health. At the end of this meeting came entertainments which were richly provided by Mr. Ewbank. The building of the Servants of India Society was tastefully decorated and very well lighted for the occasion. It must be mentioned here thankfully that Mrs. Avantikabai Gokhalay gave an entertainment at her residence in Bombay to all the secretaries and workers; she herself sang songs on the occasion. Several secretaries and Mr. Ewbank thanked her on our behalf for her kindness.

Thus came to a close this co-operators' class which met for a week and which proved very useful in a number of ways. It brought them into contact with other types of co-operative work, gave them an idea of the possibilities of co-operative development if they utilized properly the knowledge they gained in their class and applied it to local conditions, and brought them into touch with the modern industrial and commercial forces that were at work and whose knowledge they could not ignore. They could also study the great social changes that were going on in the world outside. Thus their mental outlook was considerably widened and they went back to their villages with their minds enriched and with greater acquaintance with the larger life of the country, with their hearts full of hopes and ambitions to utilize the knowledge they were made to gather in bettering their villages.

Herewith are given three appendices relating to the lectures, teachings given in the class, and the places of co-operative and other interest that were visited by the students during the co-operative week. The programme of the course of studies is also printed.

APPENDIX I.

Lectures delivered.

Day and date.	Time.	Lecturer.	Subject.	Language.
Wednesday, 23rd August 1916.	Morning ...	(1) Mr. G. K. Devadhar, M.A., Chairman of the Committee.	Introductory Speech ...	Marathi.
	Night ...	(2) Mr. K. S. Gore ...	Need of co-operation between officials and non-officials.	Do.
Thursday, 24th August 1916.	Afternoon ...	(1) Mr. G. K. Devadhar, M.A.	Co-operation and its needs ...	Do.
		(1) Mr. N. M. Joshi, B.A.	Co-operative movement and the labouring classes.	Do.
	Night ...	(2) Mr. C. S. Deole, B.A.	Advantages of the co-operative movement.	Do.
		(1) Mr. G. K. Devadhar, M.A.	Cotton trade and co-operation ...	Do.
Friday, 25th August 1916.	Morning ...	(2) Rao Saheb Kale of Hadapsar.	Co-operation and its necessity to the agriculturists.	Do.
Friday, 25th August 1916.	Morning ...	(1) Mr. Uplekar of Bara-mati.	Co-operative societies in Nira Valley.	Do.
Saturday, 26th August 1916.	Morning ...	(1) Mr. J. K. Mehta, M.A., Bombay.	Imports and exports of India ...	Gujarati.
	Afternoon ...	(1) Mr. G. K. Devadhar, Assistant Registrar.	Manures ...	Marathi.

N.B.—All the speeches in Marathi were reproduced in Gujarati and vice versa, mostly by Mr. A. V. Thakkar, L.C.E., and Dr. H. S. Dev, L.M. & S.

APPENDIX II.

Teachings or Demonstrations.

Day and date.	Time.	Lecturer.	Subject.	Language.
Friday, 25th August 1916.	Night ...	Messrs. Sethna and Gore...	Act, rules and by-laws ...	Gujarati and Marathi respectively.
		Mr. Devadhar, M.A.	Liabilities of a member ...	Marathi.
Saturday, 26th August 1916.	Afternoon ...	Mr. Gore	Act, rules and by-laws ...	Do.
	Night ...	Messrs. Sethna and Gore...	Estimating assets of a member and gathering information for establishing a co-operative society.	Gujarati and Marathi respectively.
		Rao Bahadur Talmaki ...	How to gather information in cities and villages about those who apply for a membership and how to select members.	Marathi.
Sunday, 27th August 1916.	Afternoon ...	Mr. G. K. Devadhar, M.A.	Organization of the Co-operative Department, types of co-operation and the process of arbitration.	Do.
	Night ...	(1) Messrs. Sethna and Gore.	How to keep accounts and write the minutes of the Managing Committee.	Gujarati and Marathi respectively.
Monday, 28th August 1916.	Afternoon ...	(2) Mr. Kaushik, B.A.	How to deal with applications for debt.	Marathi.
		Mr. Naravane	Use of agricultural and other machines.	Do.
	Night ...	Messrs. Sethna and Gore...	How to prepare a balance sheet ...	Gujarati and Marathi respectively.

APPENDIX III.

Day and date.	Time.	Place.
<i>A.—Visits to places of co-operative education.</i>		
Wednesday, 23rd August 1916	9-30 p. m.	Tardeo Co-operative Society.
Friday, 25th August 1916	Afternoon	(1) Central Co-operative Bank. (2) "Co-operative" houses at Gamdevi.
Sunday, 27th August 1916	Morning	(1) The Debt Redemption Societies in Bombay and one other society.
<i>B.—Places of co-operative interest.</i>		
Wednesday, 23rd August 1916	Afternoon	(1) Potato and onion stores. (2) Alexandra, Princess and Victoria Docks. (3) Rice-stores.

Day and date.	Time.	Place.
<i>B.—Places of co-operative interest—continued.</i>		
Thursday, 24th August 1916	... Morning	... In three batches:—(1) Kasturchand Daga Mills, (2) Petit Mills at Tardeo, (3) Morarji Gokuldas Mills at Parol.
Monday, 28th August 1916	... Morning	... (1) Vegetable and fruit markets, Byculla and Bori Bandar.
Tuesday, 29th August 1916	... Afternoon	... (1) Store of agricultural and other machines.
	... Morning	... (1) Manure-market at Parol (Shiwdi).
Tuesday, 29th August 1916	... Afternoon	... (1) Cotton green, Colaba.
	<i>C.—Places of general interest.</i>	
Friday, 25th August 1916	... Afternoon	... (1) Seva-Sadan Home-classes.
Sunday	... Afternoon	... (1) "Caledonia" Mail Boat, (2) Mr. Wagh's "Home" for widows. (2) Gandharva Mahavidyalaya.

Programme of the Co-operative Secretaries Training Class, 1916.

Day and date.	8 a.m. to 10 a.m.	2 p.m. to 5 p.m.	8 p.m. to 10 p.m.	Remarks.
Wednesday, 23rd August.	Mr. Devadhar's introductory speech (in Marathi). Mr. Gore's speech emphasizing the co-operation between officials and non-officials. (Mr. Thakkar explained Mr. Devadhar's speech in Gujarati.)	Visits to <i>Potato and Onion Stores</i> . Visits to the <i>Alexandra, Princess and Victoria Docks</i> (where Mr. Mhatre of the Bombay Port Trust told the history of the harbour). Visit to rice stores	Mr. Devadhar's speech on "Co-operation and its needs in Marathi." Mr. Thakkar explains the speech in Gujarati. 9-30 p.m. Visit to the Tardeo Co-operative Society.	
Thursday, 24th August.	The men were divided into three groups and they all went by tram-car to see three different mills. One batch of Gujaratis was taken by Mr. Thakkar to the mills owned by <i>Kasturchand Daga</i> . The second batch of Deccanis was taken by Mr. Kadam to the <i>Petit Mills at Tardeo</i> . And the third batch was taken by Messrs. Kamble and Kolhatkar to the <i>Morarji Gokuldas Mills at Parol</i> . (The men were explained all the process of work in the mills.)	Lecture by Mr. N. M. Joshi on <i>co-operative movement and the labouring classes in Marathi</i> . Lecture by Mr. Deole on "The advantages of the co-operative movement." (Mr. Vasawala of the Junagad Agricultural Department explained in Gujarati Mr. Deole's lecture in a short speech.)	Mr. Gonehalli's lecture on "The cotton trade and co-operation." Lecture by Rao Sahab Kalo of Hadapsar on "Co-operation and its necessity to the agriculturists."	
Friday, 25th August.	Lecture by Mr. Uplekar of Bararnati on "Co-operative Societies in the Nira Valley."	Visit to the Seva-Sadan Home Classes. Visits to the <i>Central Co-operative Bank</i> . Visit to the Co-operative houses at Gamdevi under Rao Bahadur Talmaki's guidance.	Messrs. Sethna and Gore explained to Gujarati and Marathi men respectively the Act, the rules and the by-laws. Mr. Devadhar lectured to all on "Liabilities of a member." (Mr. Vithaldas Kesarjanwala explained the speech in Gujarati.)	
Saturday, 26th August.	Lecture by Mr. J. K. Mehta, M.A., on "The imports and the exports of India" in Gujarati. (Dr. Deva explained the speech in Marathi.)	Mr. Gore explained more about the law. Mr. Gonehalli's lecture on "Manures."	Messrs. Sethna and Gore explained how to estimate the assets of a member and how to gather information for establishing a Co-operative society. Rao Bahadur Talmaki explained how to gather information in cities and villages about those who apply for a membership and how to select members.	
Sunday, 27th August.	Messrs. Thakkar, Marwadi and Kadam took the men to visit the different debt redemption societies in Bombay.	Mr. Gonehalli explained the organization of the Co-operative Department, various types of co-operation and arbitration. The men visited the "Caledonia," Mr. Wagh's "Home" for widows, "At Home" by Mrs. Gokhalay.	Messrs. Sethna and Gore explained how to write accounts and how to write the minutes of the managing committee. Mr. Kaushik explained how to deal with applications for debt. Mr. Thakkar explained the speech in Gujarati.	
Monday, 28th August.	Visits to the vegetable and fruit markets.	Messrs. Gonehalli and Naravane took the men to see agricultural implements and other machines to the stores of a company near Museum East. Mr. Naravane explained the machines after returning.	Messrs. Sethna and Gore explained how to prepare the balance-sheet.	
Tuesday, 29th August.	Visit with Mr. Kadam to the manure-market at Parol.	Visit with Mr. Rajwadkar to the cotton stores, Colaba.		
Wednesday, 30th August.	Group Photo. Written examination	... Oral examination.		Mr. Ewbank's party.

APPENDIX VI.

Co-operation in Co-operation with Native States.

The Act of 1904, which first gave a legal status to the societies registered under it, was applicable to British India only, as all enactments of the Government of India are. The Native States were left severely alone. That Act does not contemplate any reciprocity between the states and British India and any dealing with a subject of a state was not recognized as coming within the purview of co-operation. Their existence was not even contemplated.

The Registrars have to administer the law and officially cannot co-operate with co-operative work in Native States which are like islands in the vast expanse of directly governed British districts. Communal societies, like the Shamrao Vithal, the Gaud-Sarasvat or the Chandraseniya Kayastha Prabhus, are debarred from enrolling, as members, persons of their communities, simply on the ground that they are residing in Native States.

The Indian Companies Act, of which the Co-operative Societies Act is a simplified epitome, did not contemplate such aloofness, and subjects of Native States are freely allowed to take shares and become directors on the board of management. The Bombay Central Co-operative Bank's shares have been subscribed by Native State subjects and some have served on the board of directors too.

The Registrars cannot directly assist the movement in Native States. It is, however, slowly spreading there. Mysore and Baroda are to the front and others are trying to push on the movement, but the success attained varies widely in different states. On the whole, this progress is very slow as compared with that in the adjacent British districts.

The co-operative movement in the Native States labours under many difficulties. The majority of the states are very small and cannot afford to employ fully qualified and adequately paid officers to carry on the propaganda. The departments are generally formed on the model of those in British India, but many a time one officer has to carry on the work of several departments.

Suffice to say that the Native States under the Bombay Presidency with perhaps a few exceptions cannot appoint a full-time Registrar. Someone is saddled with the work in addition to his other duties. Many a time he has neither the time nor the inclination to master the subject of co-operation and the work is consequently neglected and left to a very small number of enthusiasts. In short, the movement does not make as much progress as it ought to.

There is also another difficulty in the path of progress. The territory of a state is very often not compact, but scattered. Janjira within Kolaba district owns Jafrahad in the Peninsula of Kathiawar. The four subhas of Baroda are scattered and a large number of their villages are interspersed with those under British rule. Kolhapur has groups of villages surrounded on all sides by British territory. Sangli, Miraj and other Southern Maratha States own extensive tracts within Sholapur and Dharwar districts widely differing in language and other things.

The villages under British rule too in the neighbourhood of these states are scattered, and many a time their social, economic and other interests are more closely connected with towns in the Native States than those under British rule. Such villages cannot enjoy the benefits of co-operation until the movement takes a firm root in these states.

Now, unions are being formed and are proving of much use in fostering younger societies and strengthening the older ones. The straggling British or state villages cannot take advantage of any union unless there is reciprocity and co-operation in the matter of co-operation with Native States.

It is a well known fact that cultivators of fields do not necessarily reside in the villages within the limits of which the lands are situated. Those who reside in a particular village can be members of the society of that village, if there be any. But then they may require loans for the improvement of or agricultural operations in fields belonging to another village. No objection is generally taken if both the villages are situated in British India or in one Native State. But if the two villages are under separate rule, loans cannot be granted. Difficulties have arisen and loans, already granted, had to be recovered.

Agreements of reciprocities have been made between the British Government on the one hand and the Native States on the other or between Native States. Under these agreements summonses in civil and criminal matters are served and decrees of one court are executed by another. The Extradition Act provides for the handing over of accused persons from the state jurisdiction to the British courts and vice versa. The municipalities in British districts and Native States recover dues of one another and thus mutually advance the cause of local self-government. The revenue courts under Native and British rule co-operate with one another. The police, medical and all other departments work hand in hand with similar departments in Native States. And it will not be difficult for the co-operative departments of British India and Native States to find out away to co-operate with one another.

India must progress as a whole. The Native States too must advance. If they are allowed to lag behind the progress of the whole country will be affected. It is as much in the interests of all that the states should be encouraged to improve.

Whatever may have been the policy of British administration in the past, the present war has shown that the interests of the empire, as a whole, are indissolubly interwoven and that the states are as much an integral part of the empire as the directly governed British districts.

It has been shown above that the Native States cannot command the services of equally competent Registrars and auditors. It would be to the advantage of Native States if the Registrar and his assistants be allowed by Government to help the Native States, by their advice and inspection. Some of the Native States would be only too glad to pay for the travelling expenses of these officers.

Government can employ expert auditors to audit the bigger district and taluka banks. Those with a working capital over Rs. 50,000 have to pay auditors' fees. The services of these should be available to similar societies in Native States, on payment of regular fees.

The majority of Native States are too small to start Central or District Banks. The primary societies labour under many difficulties for want of financial support from such institutions. The Native State societies should be allowed to join the District Banks and become members of the Central Co-operative Bank. And these should be allowed to grant cash credits to societies in Native States on terms similar to those in British India.

Such societies in Native States as have purchased Government paper have to take a certificate from the Political Agent that the total income in British India of the society does not exceed one thousand rupees. The societies in British India do not require any such certificate as they are exempt under the Co-operative Societies Act. The state societies ought to be placed on a footing of equality with those in British India.

It might be urged that it would be difficult to recover loans granted to subjects or co-operative societies in Native States. But there is no insuperable difficulty. The states, will be willing to guarantee prompt payment and District Banks, Unions and the Central Co-operative Bank, will derive an accession of strength from the support of the states. The states generally deposit large sums of money with the Bank of Bombay, and if they are properly approached and their good-will secured a substantial portion of these funds are sure to be lent to the Central Bank.

The decisions of the arbitrators are to be executed as decrees by the civil courts. When the borrower has his property in a Native State the decree can be executed against it and there need be no fear that difficulties might confront the societies if the Native States and the British districts co-operate in co-operation.

The want of co-operation in co-operative matters is felt in the Bombay Presidency to a much greater degree than is done in other parts of India. Here the number of Native States is very large and their area in most cases small and their villages are many a time interlaced with those under British rule.

In Northern and Central India the states are bigger and form large groups, as those in Rajputana and Central India. But there too reciprocity is expected to have a very healthy influence on co-operation in Native States, if the officers of the co-operative department come in a closer contact with those in other states.

In Bombay as observed above the states are very small in area and are powerless to do much by themselves. We often read of visits of officers and Sardars of Native States to Hadapsar and other places of pilgrimage in the field of co-operation. But such visits do not prove very fruitful. There ought to be visits by co-operators in British India to the towns and villages in Native States, and the Chiefs in particular should be convinced that co-operation will do their subjects an immense amount of good.

In short, I have to draw the attention of this Conference to the need of amending the Act II of 1912 so as to cover the area of Native States also and to formulate a scheme which will secure reciprocity between Native States and British India and thus bind them more firmly by another bond of co-operation in co-operation with them.

Kolhapur.

B. V. JADHAV, M.A., LL.B.

APPENDIX VII.

Social and Educational Activities of Co-operative Societies.

Co-operative activities other than those merely in the pursuit of business are not much in evidence in the Indian movement. The higher aims of co-operation are yet very dimly perceived by the societies in our country. This is partly due to the fact that we look upon our co-operative societies as so many business organizations, with the result that we place undue stress on the financial aspect of the movement almost to the utter neglect of other legitimately useful activities. For instance, in the by-law setting forth the objects of our credit societies we do not meet with anything higher than the creation of funds for being lent to members at low rates of interest. In the working of the societies our attention has been so much rivetted on the business side of the movement—on questions of loans, deposits, interest, and dividend—that it becomes impossible to realise that finance in co-operation is only a means to an end and not an end in itself.

The Committee on Co-operation in India have given scant attention to the higher aspect of co-operation. Perhaps the scope of their inquiry did not warrant their going into its consideration. Even when their attention became incidentally drawn to it, they relegated it to a side issue. They suggested that the higher aims of societies to be met with in the Raiffeisen models should be included in the by-laws of Indian Societies, not so much with a view to their realisation, as a means of obviating diversion towards controversial subjects in the deliberations of our societies.

Co-operative activities in all higher directions can be best observed in the German co-operative movement. In the model of Raiffeisen by-laws, for instance, we find that immediately following the enumeration of the usual objects of the society, its higher aims are set out in the following details:—

“The society aims less at realising profits from its business than at strengthening such of its members as are economically weak, and at promoting their intellectual and moral welfare. Its activities must, therefore, extend to: (a) the furtherance of thrift, (b) the accumulation of an indivisible common fund (foundation fund) for the advancement of the economic condition of members, (c) the organization of means for the promotion of rural social welfare and of love of home, (d) the establishment of conciliation courts for the purpose of checking litigation, (e) vigorous opposition to such transactions in real property as are against the public good, and such participation in the relief of landed property from indebtedness as may be expedient, (f) the holding of instructive lectures and the exchange of practical experiences at the meetings of members.”

It would be interesting to enquire how far the co-operative credit societies in Germany have been successful in promoting the general social, intellectual and moral welfare of their members, apart from the economic welfare which is their primary object. A large number of societies make periodical subventions from their profits for the betterment of their members in the numerous directions indicated. Various means are devised for encouraging thrift, even among children. Arbitration courts are established at important centres for checking litigation. Evening circles are organised for reading and exchange of thoughts. Meetings are held for lectures and discussions on co-operation, agriculture, and other useful subjects of general interest. Not less important are the social activities which take several directions. The following figures collected by the Raiffeisen Federation in 1908 show the activities either initiated or supported by its affiliated societies in furtherance of such ends:—

1. *For raising the level of Popular Education:—*
 - 458 Libraries.
 - 237 Continuation schools.
 - 96 “Raiffeisen” evening clubs.
 - 23 Juvenile clubs.
 - 24 Village institutions (meeting halls, et
2. *For the Benefit of Children:—*
 - 108 Infant schools.
 - 181 Children’s savings banks.
3. *For the Sick:—*
 - 357 Village nurses.
 - 20 Ambulance corps and Samaritan funds.
 - 32 Sets of surgical appliances and sick room requisites.
4. *For the General Benefit of Members:—*
 - 329 Death benefit funds.
 - 103 Cattle insurance societies.
 - 109 Accident funds.
 - 13 Sick funds.

5. *For various objects of Public Utility:—*

130 Fire brigades.

49 Telephone services.

20 Veterinary pharmacies.

70 Hearses.

53 Cases where protection or help (veterinary and other) in the event of disease, etc., was afforded.

6. *Appliances for use in cultivation on Steadings and in Barns:—*

3,870 Machines, implements and other agricultural equipment.

It is through the combination of societies that activities like these assume higher and more varied forms. Societies in the first instance join together into Unions, and Unions in their turn into a Federation.

The Unions act as intelligent organisers and regulators of co-operative effort in all its branches. No doubt audit and general inspection of the affiliated societies form their chief work. But they also prepare the ground for the formation of new societies, create central banks and central organizations for the purchase and sale of commodities for the benefit of their societies. In many cases they have made agreements with important insurance companies under which members of their affiliated societies may effect insurance in various branches on preferential terms.

The activities of the Unions in other directions are not less numerous. Many of them issue manuals for the use of societies, and leaflets on questions of interest to their members, and some maintain libraries of co-operative literature for the benefit of their members. Some also issue newspapers and magazines containing general information upon current co-operative matter, articles on different branches of co-operative activity, and advice upon agricultural topics. The balance sheets of the societies are also inserted in them, as well as notices of meetings. The Unions compile and publish complete annual statistics and reports of their societies, furnishing each society with a copy. With a view to increasing the efficiency of the management of their affiliated societies several Unions arrange for courses of instruction for secretaries and members of managing committees. It is also usual for a Union officer to attend and address the annual general meetings of societies.

The Unions also give much assistance in the promotion of projects of social welfare. For instance, the Cassel Union assists societies in forming clubs and libraries. It has also taken steps to improve the dwellings of farmers and other small allotment holders in country districts and has formed associations to remove some evils in the purchase and sale of landed property in its district.

It is in the Federation of Unions and other central institutions that activities in still larger form exhibit themselves. There are two such Federations in Germany, the Imperial Federation of German Agricultural Co-operative Societies and the Raiffeisen Federation of Rural Co-operative Societies.

The chief organ of the Federation is the Congress which is the final authority in all matters connected with the Federation. It is convened annually in different Union areas determined in the Congress of the previous year. The business of the Federation is transacted through a General Committee, which carries out the resolutions of the Congress, and appoints special committees for various purposes, one of them under the name of Council of Administration acts as an advisory body in the conduct of the business of the Federation.

Each Federation issues a paper twice a month which forms its official organ. It also publishes a year-book, a co-operative pocket-book giving much useful co-operative information, and numerous leaflets and pamphlets. The Imperial Federation has also published a series of books dealing with subjects of importance to co-operators and agriculturists of which twenty volumes have already appeared. A number of them were essays written for prizes instituted by the Federation. It has founded a school for the purpose of furnishing a suitable general training to persons occupied in or intending to seek employment in Unions, in Central Banks and other central institutions serving co-operative societies, and in any of the various branches of agricultural co-operation. The instruction is given by recognised authorities, and takes the form of questions and answers than that of mere lectures. Visits are made to typical societies, and every opportunity of obtaining knowledge by personal experience of the working of the societies is afforded to students. The courses last about six months. The Federation also holds separate short courses of instruction on special subjects of importance intended for officials already actively engaged in co-operative work. They take the form of lectures followed by discussions on the subjects dealt with in the lectures.

The Federation, especially the Raiffeisen Federation, steadily advocates that each society should undertake schemes of moral and social welfare of its members without confining its attention to the purely economic side of co-operative effort.

Now coming back to our own country we find that the activities of our societies beyond the pursuit of mere business are few and far between, and the possibility of their either

multiplying on the lines, or reaching the level, of those prevailing among the German societies seems to be very distant. The intensive development of the movement and the extensive spread of its useful activities require, not only the widening of the aims and objects of our societies, but also the formation of numerous central institutions linked together under a federation. No doubt the Registrar and his staff, both paid and honorary, perform in India some of the functions that pertain to unions and federations in European countries, but our movement, if it is to attain the full measure of success that is expected of it, should aim at confining the work of the Registrar and his staff to administrative functions and general supervision and at assuming through our unions and other central institutions the propagandist and organising work, and the audit and inspection of societies, as also at taking up the initiation and promotion of social and educational work, to which little attention is paid at present.

But the difficulties in the way of federating the activities of our societies cannot be overlooked. The backwardness of education, especially in the rural areas, and the diversity of languages in our Presidency detract much from the unifying elements that may otherwise be found to exist. Our activities therefore, at least some of them, and especially at the initial stages, instead of taking the course of growth from the base to the apex, as in European countries, will have to be developed from the apex to the base.

In our Presidency, Bombay can be made the starting point of several activities. It has, in the first place, the advantage of position. It is the centre of trade, commerce and industries. When the joint sales and purchases become properly organised by or on behalf of our mofussil societies, they will look to Bombay as the seat of central market for assistance and technical guidance. There is, moreover, a vast scope for industrial co-operation in the city awaiting the guiding hand of a well organised body.

It is therefore desirable that the workers and sympathisers in the co-operative cause in Bombay should join hands and prepare the ground for work in numerous directions. Already the city has assumed the position of a centre for several activities. Besides being the seat of the Central Co-operative Bank which serves the whole Province, that city can boast of a Library of co-operative literature. The Library has issued a few leaflets in vernacular and hopes to issue more hereafter. It has now commenced publishing a Co-operative Quarterly. Short courses of instruction for the secretaries of societies were arranged by the Servants of India Society during the last two years and promise to become an annual fixture. There are several societies in existence in the city, some of which are tolerably large, and they can all join together to form a union to promote their common interest and to encourage schemes of general welfare of their members.

The Debt Redemption Committee started by the Servants of India for organizing co-operative societies among the working class people of Bombay can be enlarged into a Central Organizing and Propagandist Association like the Madras Union and the C. P. Federation, and registered under the Co-operative Societies Act to give it a corporate existence and to enable it to own property and funds, somewhat on the lines of the I. A. O. S. Its work, though at the commencement will be confined to Bombay, may in course of time be enlarged as mofussil workers will join it in sufficient number.

There is, moreover, the Bombay Co-operative Housing Association which has been doing propagandist work by organizing lectures and discussions, issuing leaflets on the subject of Housing and advising newly formed societies.

If the activities of all these institutions could be centralised in a common institution organised on the lines of the Plunkett House at Dublin, administered by a General Committee, special smaller committees appointed by it being in charge of separate departments of work, all of them would be immensely benefited. The provision of a central place would afford to the persons connected with the different lines of work frequent occasions of meeting together and exchanging thoughts. The Library and the Reading Room would be more largely patronised than is the case at present. Public lectures and discussions held there on various co-operative topics would attract larger audiences. The different societies in Bombay could hold their general meetings there. In short, the place would form a centre of many-sided co-operative activities not only in the city but also in the Presidency, and the associated action and deliberation of various workers and thinkers is sure to bring about important results.

The example set by Bombay in this direction may be expected to lead the societies in the districts to follow it by establishing similar institutions as Branches in all important centres. The existing central banks and unions at some of the places will serve as nuclei for the spread of further activities. It would then be possible to link them all together to the Central Organization at Bombay. The ultimate aim should be to form a Federation of all co-operative societies and institutions in the Presidency on the European model, so that the intensive and extensive development of the movement in all directions may be ensured.

"The Federation," says Mr. H. R. Crosthwaite, the veteran Registrar of Co-operative Societies in C. P., with whose weighty words this paper may appropriately be concluded, "is an institution which is not, as yet, generally appreciated in India. It is, roughly speaking, the Parliament of all co-operative institutions. . . . It is the voice of the Federation which gives utterance to the views of the co-operative body."

The Federation is a democratic institution based upon a system of elected representatives, and while it avoids interference in the detailed affairs of its members—the various co-operative bodies corporate of which it is composed—it watches over and protects the general interests. There should, in my opinion, be Federations in all Provinces ; and there ought also to be an Imperial Federation for the whole of India. We have in this country, our Chambers of Commerce. And how can the co-operative movement in India attain a full measure of influence and importance without the Federations which are to be found in the co-operative systems of other countries ? ”

Bombay, 1st August 1917.

S. S. TALMAKI.

APPENDIX VIII.

Co-operative Stores.

The co-operative movement owes its inception in India, as in other countries, to the idea that the resourceless peasant and craftsman, who cannot carry on their industries profitably owing to the difficulty of obtaining cheap capital and credit and who are at the mercy of the usurer, may improve their condition by combination, mutual assistance and thrift. What the individual cultivator or craftsman cannot do by himself he can achieve by combining with others in his own position. The joint credit of producers who want cheap capital, enables them to obtain it if they act in concert and try to help themselves. Producers can thus fight the evils of usurious rates of interest and middlemen's profits, and thereby they improve their own economic condition and promote the welfare of the community.

Of all people, the cultivators of the soil are the most helpless, and in countries in which the agricultural industry occupies a dominant position it is a problem of national importance to improve the condition of the peasantry. The chronic poverty and indebtedness of the cultivating classes in India engaged the attention of Government and people alike for more than fifty years and various remedies were tried. Co-operation was at last considered to be an effective measure against the evils from which the Indian cultivators suffered. This is briefly the genesis of the co-operative movement in India and of the Co-operative Credit Societies Act of 1904. The principle of co-operation can be and has been applied to credit, production, purchase and distribution. But in the peculiar conditions of India the Act of 1904 was restricted to the formation of co-operative societies of credit only. "This policy was deliberately adopted," says the Maclagan Committee's Report, "not because the vital importance of other kinds of co-operation was not fully realized but because it was held that among a relatively backward population the difficulties involved in the management of productive and distributive businesses were likely to prove a stumbling block in the way of progress."

In time a demand arose for non-credit co-operative societies, and it was felt that co-operation should be extended to purchase and sale and production and distribution. It was not, however, to be expected that the number of societies started for these purposes would be very large or that the experiment would be crowned with gratifying success. But the law had to be amended to meet the demand for non-credit co-operation, and the Co-operative Societies Act of 1912 was the result. Owing to the preponderance of cultivators in the resourceless population and the concentration of effort on the improvement of their condition, little advance was made in branches of co-operation other than agricultural credit during the decade following the inception of the movement in 1904. The Maclagan Committee's Report recorded that of the 14,566 co-operative societies in existence in British India in 1914, no less than 13,715 were societies which have been started to provide agricultural credit. Non-credit societies numbered only 249, and of these only 82 were non-agricultural.

It is impossible to over-estimate the importance of agricultural credit societies, and the larger their number the better will it be for the country. The progress of the agricultural industry is also bound up with the expansion of non-credit societies connected with agriculture. Efforts have likewise to be made to help the urban population of workmen and craftsmen as well as rural to get rid of its indebtedness and to obtain cheap credit. But I have here to emphasize the need of extending co-operation to distribution both in towns and villages. Such development is pronounced by those who can speak with authority on the subject as "not only inevitable but essential to the balanced development of the economic condition of the country as a whole." The problem of co-operation has to be looked at from the consumer's point of view also, and every producer being also a consumer the question affects the well-being of the large mass of the population. The 'tribute' levied upon consumers by middlemen is notorious, and their multiplication has become a nuisance. The village shopkeeper fixes his own prices and gives his own measure, and in towns competition among dealers of necessaries of life, whose number is steadily increasing, tends to raise prices instead of lowering them.

Take the case of Poona City as an example. Here distributive agencies have enormously increased during the last thirty years. The increase in the number of dealers in cloth may be partly accounted for by the changing habits of the people who want more clothing now than they formerly used to do. But their shops and those of grocers which are to be met with in all directions do undoubtedly exceed the demand. They must all live and, while bringing down the average rate of profit, they levy a tribute on customers by maintaining prices at a high level. It has been calculated by one writer that the profits of these middlemen amount, in France, to the total amount annually paid by the tax-payers to Government. This will give some idea of the tax merchants and shopkeepers levy upon the consumers. Though within certain limits they perform a useful service to society and must have their remuneration, adulteration of goods, short measure and other evils, which in combination with high prices prey upon the consumers,

call for the elimination of middlemen. It is becoming more and more difficult every day to get articles of food in a pure condition and at reasonable prices and the adulteration of milk, butter, ghee and other necessities of life has become notorious.

The remedy for this evil lies in the formation of consumers' associations and co-operative stores. I do not claim any novelty for this suggestion, which has been frequently discussed before. Experiments were also made in this direction and many of them failed. But we have a few examples of success also, and they ought to stimulate us to greater effort. The consumer unconsciously pays a tax to the dealer and does not know when he gets a short measure and articles of inferior quality at high prices. What the co-operative store may enable him to get may be best described in the words of the prospectus of an American store:—

“To get best obtainable goods, with purity, cleanliness and quality assured, being bought wholly in the interest of the consumer.

To get exact measure, with frank information as to goods and quality.

To get lowest cost in every way possible, saving being turned back to members in the form of dividends on purchases.

To get control of sanitary, handling and healthful quality.

To get equity in all dealings in the spirit of co-operation.”

The advantages of co-operative stores seem thus to be patent and the scope for their expansion is unlimited. Why then have we not many of them in this Presidency, for example? There are various reasons why this is so. (1) In the first place, people have no idea of the nature and usefulness of co-operative shops. The ordinary shops are numerous, having apparently goods of a good quality and of extensive variety. Consumers can go from one shop to another and fancy they buy articles cheap when they lower prices by skilful higgling. The shopkeeper sells his article with a face as if he has lost in the bargain and the customer takes, triumphantly home, shoddy stuff, the inferior quality of which discovers itself before long. Several persons delight in higgling, and uncertainty of price is no disadvantage in their eyes.

(2) Secondly, it is not easy to convince people of the benefits of a co-operative shop. They cannot understand how an establishment conducted by a committee of laymen can sell articles cheap and give a good quality. Selling should be done, they think, by those whose business it is to do it, and the common people fail to penetrate the mystery of a co-operative store, with its shares, its cash sales, its dividends, its committees of management and its balance sheets. They may appreciate the value of the interest their deposits may bring or of the dividends their investments may yield, but not the benefits of fixed prices, good quality and honest measure.

(3) Thirdly, the difficulties of the organizers of a store really commence when the shop comes into existence. The management of a store is a much more difficult thing than that of a credit society. (i) It requires a trained staff of servants. Though the prices are fixed, the salesman must be honest, active and courteous. (ii) The accounts of the shop must be regularly kept and arrangements must be made to take stock of goods at regular intervals. (iii) Supervision over the working of the store must be strict and constant. (iv) Purchases of goods must be made at the proper time and at the lowest prices consistently with good quality. (v) Members of the store must make their purchases at the shop and articles must, as far as possible, not be sold to non-members. (vi) The committee of management must frequently meet and keep a vigilant watch over the working of the store. Its sub-committees must do their work punctually and zealously.

(4) These requirements must be satisfied if a store is to be a successful concern. Can we secure these favourable conditions in small places or even towns? Public-spirited men who will actively interest themselves in this work are wanted, and I am not unduly sanguine in this connection. I hold, nevertheless, that if distributive co-operation has its importance, it must be brought home to the minds of the people and they must be educated to appreciate its benefits. A sub-committee of the fourth Conference of Registrars held in 1909, appointed to consider the question of co-operative stores, came to the conclusion that a society which deals solely in stores is not generally practicable in a purely rural district, that “in small towns, such as the head-quarters of sub-divisions, the formation of stores should not be encouraged unless prices are unduly high and conditions adverse to the consumer, and that in the head-quarter stations of districts and in large towns where the people are mainly wage-earners and artificial conditions have made living expensive, distributive societies should be developed.”

The Maclagan Committee insisted on two conditions being satisfied as vital to the success of non-credit co-operation. It laid down—“Firstly, it is essential that the demand for such societies should arise not merely from external suggestion or the hope of effecting some small economy but from the existence of a real need and from a real comprehension on the part of their originators of all that is implied in the term ‘co-operation’; and secondly, it is scarcely less important that a strong and competent staff should be available for the supervision of such societies and for dealing with the complicated economic problems involved.”

The cautious tone of the above remarks will be appreciated by every one who has had some practical experience of the working of a co-operative store or even of a credit society. But I am afraid very few even of our existing credit societies would have been started if the above conditions had been strictly insisted on. Cultivators hardly feel the need of a credit society or understand its principle in the beginning, and therefore what has been done to induce them to join societies must be done also in the case of consumers in towns and cities if not in villages. If members of credit societies learn to appreciate the nature and the benefits of co-operation, there is no reason why urban people should not be made to understand their interests and take to co-operation.

No one is more conscious than I am of the difficulties in the way. My only plea is that vigorous efforts should be made to educate the people in the principles, methods and benefits of distributive co-operation. The savings that will be made by consumers will improve their economic condition and it is superfluous to point out the other beneficial effects of the progress of the co-operative movement in this direction on the country generally. Complaints are frequently made about the tricks of tradesmen, the high prices charged and the bad quality of the articles sold. The remedy against these evils lies in the hands of consumers themselves who must form associations to safeguard their own interests.

Efforts made in this direction of co-operation will give to people valuable lessons in public life and several educated young men will find employment in commerce if they care to have it. Whatever the form of government and administration under which we live, and whatever reforms may be introduced in them, their economic salvation can be attained by the people only if they show sufficient enterprise, power of organization and public spirit. The State must give every encouragement and assistance in its power for furthering the economic development of the country. But with all Government help not much will be achieved unless people help themselves and the educated classes actively interest themselves in the work.

A nation's progress is the cumulative effect of advance in several directions and the economic, social, educative and even political possibilities of co-operation are very great. A number of successful stores will facilitate the establishment of industries on a large scale. Wholesale dealers in cloth used by women and in gold thread cotton cloth used both by women and men, for example, give out the work to hand-loom weavers and intercept high profits. May not this industry be taken up by stores in Poona City, for instance, to the advantage of consumers and producers alike?

Co-operative stores will lead to thrift and saving, to the promotion of social well-being and to accumulation of capital, though in small quantities. They will render the organization of new industries possible and will facilitate the starting of manufactures on a large scale. Consumers' societies have proved eminently successful along these lines in England and in other countries. Conditions in India are certainly not the same as those in England. But we aspire to attain the position of progress and prosperity which has been reached there. And this goal cannot be reached without a conscious and active effort. The problem is beset with difficulties, but they have got to be faced. Is success in national uplift to be gained without sacrifice and work? Of what value will the success be if people are not to work hard for it?

V. G. KALE.

APPENDIX IX.

Co-operative Societies for Factory-workmen.

The purpose of writing this short paper is to state in brief the urgent need and possibility of extending the universally acknowledged boon of co-operative societies for factory-workmen.

The co-operative movement was started chiefly with the object of improving the economic condition of persons of limited means, such as agriculturists, artisans, labourers etc. The Government of India passed an Act for this purpose and appointed Registrars in the principal provinces to organize, register and supervise co-operative societies set up in accordance with the provisions of the Act. These Registrars have hitherto directed their attention and energy chiefly to promote the organization and development of agricultural co-operative societies; and their praiseworthy and sympathetic efforts in this direction have been eminently successful, as can be seen from the number of such societies and the short period during which they have been organized. The official returns for 1914-15 show that 16,016 purely agricultural societies were on the official registers of all provinces of this country, while in 1906 only 740 such societies were in existence. This is really a very marvellous progress and redounds to the credit of all who have been connected with this movement.

But the problem of economic stagnation is not confined only to the agricultural population of this country. It has also to be solved in connection with non-agricultural classes engaged in all kinds of industries and living either in rural or urban areas; and the Co-operative Societies' Act, both in its original and amended stage, has provided for the formation of non-agricultural as well as agricultural co-operative societies. Notwithstanding these distinct provisions in the Act we find that the co-operative movement has a very little spread among non-agricultural classes, such as factory-workmen. The official returns for 1914-15 show that there existed in that year only 914 non-agricultural societies all over India. If we consider the situation in our own Presidency we find that out of the 1,251 societies in April last only 190 were non-agricultural. These figures undoubtedly show that non-agricultural classes have not yet taken advantage of this very beneficial movement to any considerable extent; and from the latest list of co-operative societies started in this Presidency it appears that only 8 co-operative societies have been hitherto set up solely for the benefit of factory-workmen in the whole of our Presidency.

From the latest Annual Factory Report for the Bombay Presidency we learn that in 1915 there were 727 factories at work and the total number of operatives employed in them was 280,566. Among these operatives there were 16,634 children. If we deduct this number of children from the total number we have 263,932 adult operatives employed in all factories which come within the purview of the Factory Act. Should we not do something for so many workmen most of whom drudge all along their life in abject poverty and are involved in perpetual debt from which they have scarcely any hope of extricating themselves?

These adult factory-workmen may be fairly taken to represent at least more than a lakh of families living in the rural areas. In the present peaceful regime agricultural population has been increasing gradually, but the cultivable area has not been proportionately increasing. Agriculturists who once owned lands have become landless. Their ever-increasing indebtedness has been wresting away from their hands a large portion of produce they raise. These causes compel them to give up their plough and run to a neighbouring town in which they might get some work. Thus from many agricultural families one or two persons have found their way to towns, most of whom have been working in factories, and when they get tired of their factory-life they go back to their own villages and once more resort to their ancestral plough. In this connection it should be remembered that in this country the industrial class as a whole has not yet been quite differentiated from the agricultural class, but it is chiefly and perennially drawn from this class. Such being the real state of things, those who work for the benefit of our agriculturists cannot remain indifferent to the welfare of their brethren who run to towns and temporarily work in factories.

Condition of workmen in towns.

Those who know the real condition of factory-workmen in the crowded cities like Bombay will scarcely argue that since they earn higher wages they are better off than their brothers in the country. As they have to work hard and long hours in close and stuffy workshops their health is gradually undermined, which makes them irregular and unpunctual at their work. This means large deductions from their ordinary wages. Further, owing to these irregularities they sometimes forfeit their hard-earned wages. Besides, they unwittingly or in imitation of their companions have recourse to several things in order to lessen their misery consequent on sweating work and weak and impaired health. These cost them a great deal. There are again numerous temptations in a big city which they as a rule cannot withstand. The living in towns like Bombay is growing costlier every day. Many factory-workmen leave their wives and children in their villages. Thus they have to forego family comforts and seek some boarding and

resting place for the night. Such places are usually overcrowded and stuffed. This tells on their health. Again, they have to meet the urgent and constant demands for money from their agricultural relatives in the villages. All these circumstances make their lot quite miserable, and they have to run headlong into debt and seek a money-lender who knows their helpless condition and urgent need and charges very exorbitant rates of interest on the loans which he advances them. Thus they never get out of the clutches of Marwaris and Pathans, especially of the latter, who are ever ready to lend money to any person and then resort to very strange and horrible means to recover their dues. The rate of interest charged by these money-lenders varies from 75 to 300 per cent. per annum. When their dues are not promptly paid, Marwaris use some fraudulent means to recover from their debtors double and treble the amount that is due to them even according to their usurious contracts; and Pathans who generally charge about 300 per cent. interest are so ruthless that they belabour their defaulting debtors and even go to the length of assaulting and maltreating their male or female relatives. We often hear of such atrocious acts perpetrated by these Kabuli money-lenders; and every day new cases of fraudulent dealings of Marwaris are exposed in courts.

This state of things sometimes demoralizes these workmen. They grow desperate and dishonest and try to over-reach their money-lenders in various ways. They resort to mean tricks to avoid payment of their loans and sometimes turn utterly indifferent about their character or reputation. This depravity is bound to increase day by day. The workmen of this description are not at all likely to be good, careful and regular in their work, since large portions of their wages are to pass into the hands of money-lenders and they contract bad habits, their lives become miserable. Some of them even turn out cheats and confirmed criminals and harass their poor, ignorant and simple neighbours in various ways. If workmen are thus deteriorating, is it not desirable that some means should at once be adopted to save them from this fall? Every true patriot and philanthropist should feel called upon to exert himself to the utmost to stem this evil. Now it will be seen that one of the main causes which brings about this most deplorable condition of workmen is the want of facilities for cheap and easy credit and for control over their extravagant and thoughtless ways of life. This want can be very effectually supplied by starting co-operative credit societies among them.

Co-operative Credit Societies for factory-workmen.

As to the possibility of setting up co-operative credit societies for factory-workmen, I am very hopeful. The first essential condition of starting and successfully running a co-operative credit society is that those who form themselves into a co-operative society should be in close contact with one another. This condition is eminently fulfilled in the case of factory-workmen who work in the same factory and under the same master. Besides, these workmen work together from day to day and help one another according to the duties assigned to them in the factory. This no doubt has an effect on their minds and prepares them to work in a spirit of comradeship. It is, therefore, not at all difficult to organize co-operative credit societies for factory-workmen, provided that certain facilities are made available to them.

Factory-owners as a rule are so much engrossed in their own business that they have no time to think of the welfare of their workmen. Some also have a tendency to discourage any sort of combination among their workmen. It must, however, be admitted that there are a few honourable exceptions; and the Registrar in his last Annual Report makes a commendable mention of three co-operative societies organized and controlled by the mill-owners themselves for the benefit of their employees. Out of these three societies the Gokak Mills Society, managed by Mr. Robinson and Rao Saheb Shivmurtiswamy, with a capital of Rs. 29,998, is perhaps the best example. In Bombay the Servants of India Society and the Social Service League have hitherto succeeded in organizing only three societies purely for mill-hands in Bombay, one of which is meant exclusively for the mill-hands working in the Morarjee Gokuldass Mill. They were enabled to start this society because of the sympathy and encouragement given by the good owners of that mill. But as far as my knowledge goes it is neither under the control of the mill-owners nor is it financed by them. The share-capital of this society is Rs. 1,986, and it has only 115 members; and during the two years of its existence it has advanced about Rs. 7,298 in loans. Two other societies, which they have succeeded in organizing purely for mill-hands at Tardeo and Chikhalwadi, are open to all mill-hands. The Tardeo Co-operative Society was started more than four years ago, but it has not yet contrived to have more than 62 members with a share-capital of Rs. 650, while the Chikhalwadi Co-operative Society during its two years of existence has managed to have only 26 members with a share capital of Rs. 181. Another society is started last May at Tardeo in the new compound of the Petit Mill which is meant for the mill-hands working in it and has, I am told, active support of the owners of the mill. But during the course of the last two months it could not attract more than 12 persons and its share-capital could not exceed Rs. 50. Now, as to the other societies started in Bombay by the commendable efforts of the bodies mentioned above and those organized by my humble self, they contain many factory-workmen, but they are not meant exclusively for them. Let me incidentally record here my humble experience in this connection, some of which I have already embodied in a note in English published in the beginning of the

latest report of the Lower Colaba Co-operative Credit Society which I organized nearly three years ago under the sympathetic and able guidance of the Assistant Registrar Mr. V. H. Gonehalli, M.A., to whom I am so very grateful for the first initiation and encouragement in undertaking this very useful work. When we first started this society, which is not entirely a society for factory-workmen, and tried to popularize the principles of co-operation, a large number of needy factory-workmen sought admission to it, and we could not close its doors against them although the number of its members outgrew the reasonable dimensions. The result was that in the course of one year the number of members went up to 328. But the actual working of this society with such an unwieldy number proved difficult, though all of them were from the very limited locality of Lower Colaba and most of them were acquainted with us. So we were obliged to stop further admissions. If these factory-workmen had their own societies organized for their separate factories they could have readily joined them and taken full advantage of them. The six societies which I have hitherto succeeded in organizing have in all 1,054 members with a share-capital of about Rs. 28,700 and deposits to the extent of about Rs. 35,800. Out of this number nearly four hundred happen to be factory-workmen of different grades. This fact plainly shows that all systematic work of organizing co-operative societies in connection with each factory is ultimately bound to achieve eminent success.

My very humble and earnest suggestion, therefore, is that each factory should have one or more co-operative societies solely for the benefit of the operatives working in it. But, as I have said before, certain facilities should be conceded to such societies. I should like to mention here some of them.

Facilities.

(1) In the first place, mill-owners and other factory-owners should be moved individually and through their associations to look upon the co-operative movement as one of the most potent agencies to ameliorate the condition of their operatives, and to lend active and substantial support to the formation of co-operative societies for their respective factories. They should even be induced and encouraged to appoint their own organizers for their factories and control the management of the societies started for their own workmen. The most laudable and noble example of the owners of the Gokak Mills is worth bringing home to their minds.

(2) Secondly, each factory-owner has to be induced to make advances to such societies from the annually accumulated sums on account of unclaimed wages, fines, and pies which when due are not usually paid to workmen on the plea that it is very difficult to pay down such small coins. To these sums he has scarcely any claim and they ought not to go to swell his profits. The amounts of these advances might vary according to the condition of the factory and the societies started for it. But the factory-owner should not demand more than 6½ per cent. interest on them. Besides, he should not have the option of withdrawing these advances when they happen to be fully utilized in making loans to his workmen.

(3) Thirdly, the factory-owners should give every facility to the societies to recover loans from their defaulting members at the time of making monthly payments to them. It is even desirable to allow deductions from the monthly wages of the indebted workmen to cover the amount of interest and monthly instalments.

(4) Fourthly, factory-owners should be requested to scrupulously discourage all usurious money-lending carried on by some of their managers, foremen, jobbers or clerks among the operatives, and not to allow any outside money-lender carry on his usurious dealings on the factory premises which some of them do by charging them some rent. Besides, they should sternly warn all their subordinates to do nothing that would be detrimental to the good management and strength of the co-operative societies set up for the benefit of their operatives. They should even be induced to make the promotions and permanence of the heads and foremen of each of the departments of their factories conditional on the degree of active interest they might take in the successful working of such societies, and not to let go unpunished any delinquency on the part of any of their employees which is calculated to impede the progress of these societies.

(5) Fifthly, factory-owners should be requested to appoint trustworthy and capable supervisors and auditors to look periodically into the working of these societies and to refrain from all unnecessary interference in their working, allowing them full independence so long as they are properly managed. It is of course the business of the Registrar and his subordinates to see that such societies are properly managed. But if workmen come to know that their employers take lively interest in the management of the societies and want them to prosper they are sure to join them and reap the numerous advantages they afford.

(6) Sixthly, so far as big factories are concerned, each department of it should have a separate society. This is desirable in various ways. Men working in the same department happen to know one another more intimately than those who are outside their department. The heads or foremen of each department can exercise better control over the men immediately working under them and certify more correctly as to their character. This will certainly ensure good success of such societies.

(7) Seventhly, I here take the liberty of suggesting to the Registrar to frame by-laws for the societies of workmen on the pattern of those for the societies for salary-earners, making such special provisions and alterations as he deems suitable for factory-workmen. The copies of leaflets containing such by-laws and directions might be despatched to each factory-owner in the Presidency; and the Registrar may be pleased to confer with the factory-owners on the advisability of establishing co-operative societies for their workmen under their auspices and guidance. The Collectors and Factory Inspectors may be requested to render necessary help in this connection. If in the beginning some of the factory-owners turn a deaf ear to the persuasive reasoning of the Registrar they are in the long run likely to come round when they see appreciable benefits reaped by the other factory-owners through the instrumentality of such societies.

If all the factory owners are induced to look upon this co-operative movement with favour and to exert their utmost to set up co-operative societies for each of the departments of their factories, more than a thousand co-operative societies can come into existence and thus affect most favourably the economic and social condition of more than two lakhs of operatives and of at least five times as many persons who depend upon them according to the present joint family system among our countrymen.

If our kind and indefatigable Registrar takes up personally this very delicate task of inducing the factory-owners and commences it first in Bombay, it is very likely that many of them will be prepared to start this useful work in their own factories; and when so much ground is gained it will be less difficult to cover the whole of it.

Objections.

Now let me answer some of the objections which might be raised by a pessimist. The first and foremost of them is that factory-workmen are not steady in their work and are in the habit of migrating from factory to factory. Such unsteady persons in a co-operative society are quite undesirable. My reply to this objection is that in the first place all the workmen in a factory are not unsteady. Majority of them are content to continue as long as possible in the same factory and seek increment in wages and the good opinion of their masters. It is true that there are a few workmen who are unsteady and unreliable. But such persons can conveniently be excluded from the societies. This exclusion from the distinct benefits accruing from a society might act as a wholesome and powerful check on their migratory tendencies. In case any of the members who take loans from a society think of defrauding it and leaving the factory, his whereabouts can be very easily traced, as he will happen to be acquainted and even be on close terms with some of the other members of the society; and in case he gets work in another factory, his new master can be successfully persuaded to make deductions from his monthly wages until all the dues of the society have been recovered. This will be a blot on the character of the defaulter; and he will thus stand the chance of being excluded from all the co-operative societies and even from work as he will be looked upon with suspicion and distrust by the employers.

It may again be objected that factory workmen have vicious tendencies and squander their limited incomes on drink and other vices, which drive them into a state of chronic insolvency and render them quite unfit for being connected with any co-operative society, and that if a society be formed of such persons it is sure to fail. The reply to this objection is that the members of such societies must be very carefully selected from among the workmen in each department. They should have sober habits and good character. If a nucleus of a society is formed of such good persons, and further admissions are made after due inquiry into the habits and tendencies of each applicant, I am sure objectionable and undesirable persons can be successfully excluded. Further, it will so happen that those who will be smarting under the peremptory exclusion will mend their ways and be reclaimed from their evil proclivities and habits. In this manner co-operative societies might exercise very salutary influence on the moral condition of the reckless and thoughtless workmen. This will indeed be no small gain.

Another stock objection is that cheap and easy credit offered to ignorant workmen will act as an undesirable incentive to contract loans for bad purposes and they will be encouraged in their extravagant habits. This danger can be easily averted by requiring the managing committees of the societies to scrutinize each application for a loan which has to show the purpose for which the loan is needed, and to secure necessary information about the antecedents of each applicant. Mutual knowledge of operatives working in the same department of a factory will be of great assistance in adjudicating applications for loans. The managing committees should of course be required to be firm in declining loans to members of doubtful character. In short, the boon of co-operative societies should not be denied to the workmen who have sober habits and good character because there are some black sheep among them. If the co-operative movement spreads sufficiently among the factory-workmen and becomes popular with them because of its numerous advantages which I need not reiterate here, I am certain that sobriety, thrift, honesty, prudence, conscientiousness and other desirable good qualities would gradually develop in them, that they will become better and more skilful workmen and that the products of their labour will be better in quality and more in quantity.

At present, owing to the ever-growing wretched condition of the factory-operatives, dearth of labour is being gradually felt and the industrial future of this country appears to be dark. Unless the condition of the factory operatives is materially changed, capitalists who might think of setting up new industries or developing their already existing ones will be greatly hampered in their projects for want of sufficient skilled and unskilled labour. This evil which menaces our industrial development can be greatly remedied by introducing co-operative societies among our factory-workmen. If this advantage is properly and emphatically impressed upon the minds of shrewd and reasonable capitalists by influential and earnest officers like the Registrar, the Assistant Registrar and others, they are likely to look upon our co-operative movement with favour and be prepared to afford every facility for organizing co-operative societies among their employees.

I have so far tried to establish the urgent need for setting up separate co-operative credit societies for each factory and even more than one society for larger factories. I have also tried to show how far it is possible to organize and conduct such societies successfully. Now only one more point worth discussing remains, and it is about the actual business of such societies. But considering the space that this paper has already occupied I can only touch the fringe of this very interesting and important point.

Redemption of debts.

After such societies are formed for the benefit of the operatives of the factories under the auspices and active support of the factory-owners, the first and the most urgent work that they will be called upon to do is to redeem their members from their previous usurious debts. But this task of rescuing many of the hopelessly involved operatives from the clutches of the wily and self-seeking Marwaris and merciless and dangerous Pathans is not very easy. It will require large sums of money. Sums collected by means of small shares of five or ten rupees will not at all suffice. Such societies, therefore, will have to seek outside-financial help; and they will naturally expect it from their factory-owners. If these factory-owners make it a point to advance small portions of their surpluses to such societies instead of locking them up in banks which hardly pay them half as much interest as these societies would offer, the financial difficulty of these societies will be removed. Besides, the security offered by such societies is not trifling; and as they are to be under the constant supervision of their trusted officers, over and above that of the Government Officers, there is hardly any fear of the loss of their deposits. Again, as to the recovery of the loans advanced to the members by the society, it can be very conveniently and smoothly effected by means of deductions from the monthly wages to be paid by the factory to such operatives, whose prior consent for this procedure of recovery can be secured at the time of making them advances for the redemption of their old debts. Mr. G. K. Devadhar, one of the distinguished members of the Servants of India Society, has set before us a very encouraging and practical example of redeeming debts of involved workmen by forming co-operative societies for them, getting loans for the societies from rich people at about 9 per cent. and advancing them to the members of the societies at higher rates. For this laudable purpose they have formed a Debt Redemption Committee, which consists of some of the most influential personages and have secured from Government an annual subvention of Rs. 500. The Report of this Committee's work published in 1915 shows that they had organized 12 societies which had in all 353 members; and they had succeeded in completely redeeming in all 235 members of these societies from former debts for which purpose they had to secure Rs. 34,793 in loans and deposits from non-members.

Now my experience in this connection is that many of the members of the six societies organized by me wanted to pay off their old debts and applied for loans from the societies for this purpose. In order to meet their urgent demands, we had to collect deposits of nearly Rs. 35,000 from among ourselves in order to rescue nearly 350 members from the hands of the usurious money-lenders. But after all I find it very hard to get enough money to meet all the pressing demands of many members. This difficulty however will be greatly removed if factory-owners undertake to help with deposits the societies started for their workmen.

Co-operative Insurance for workmen.

The next in importance is the question of the crying need of life-insurance of the operatives on easy terms which might be within the reach of even ordinary workmen. One of the aims of the co-operative credit societies for workmen, therefore, ought always to be to evolve out of them co-operative or mutual insurance-societies. The successful establishment of such insurance societies will not be a very difficult task. It will secure the goodwill of the operatives, give them much interest in life and relieve them greatly from the constant anxiety which distresses them owing to the want of savings to fall back upon when they grow old or decrepit. The details of the working of such societies need not be discussed here.

Co-operative Housing of Workmen.

The third crying need, so far as factory-workmen are concerned, is that of providing cheap and sanitary lodgings to them. Since the inception of the City Improvement Trust

in Bombay this has been a burning question with Government, public bodies and public-spirited gentlemen. Various solutions have been offered from time to time. Government have amended the Bombay City Improvement Trust Act with the distinct object of encouraging and helping the factory-owners in taking the initiative in building cheap and sanitary chawls for their workmen. But very few of them have hitherto availed themselves of this offer of help. In these circumstances, it should be one of the chief objects of the co-operative credit societies for factory-workmen, to evolve out of them co-operative housing societies. If such credit societies earn workmen's confidence which they are sure to do, when they are properly managed and constantly supervised by responsible and honest men, if the real principles of co-operation are properly inculcated upon the minds of the workmen, and if each member is made to deposit a small amount each month in his society, there will be large funds accumulated for laying out on building enterprises. In this way it will be possible to evolve co-operative housing societies out of the credit societies formed for the factory-workmen. Besides, after the urgent need of the credit societies for the redemption of previous debts contracted by their members is sufficiently met, the advances received for the purpose from factory-owners may very conveniently be utilised for co-operative housing societies.

But schemes for such co-operative housing societies cannot be expected to materialize unless public bodies like the City Improvement Trust or Government are prepared to lend a helping hand. The Bombay City Improvement Trust Act, as lately amended, provides for advancing large loans from the Trust to factory-owners if they undertake to build cheap chawls for their operatives and are ready to invest some capital in this undertaking. These provisions of the Act can be availed of only by factory-owners in the Town and Island of Bombay. If Government either by a special resolution or a fresh amendment in the Act were to provide for such advances from the Trust to the co-operative housing societies formed by workmen, working in factories or elsewhere, solely for their benefit, the difficulties of such societies will no doubt disappear. The City Improvement Trust may also help such societies by providing them with sites on very moderate terms. In my humble opinion, cheap housing of workmen through their co-operative housing societies will go a great way in solving the housing problem of Bombay, so far as workmen are concerned.

In this connection I venture to make an offer: If Government be pleased to extend the benefit of the amended provisions of the Bombay City Improvement Trust Act to the co-operative housing societies of workmen I undertake to start two housing societies of workmen who are members of the credit societies under my guidance and secure as much capital as is needed under the Act to build at least two chawls, one at Colaba and the other at Mazgaon, provided the Trust leases out the required plots on moderate terms.

At present the factory-owners, as I have said before, seem to be indifferent about the help offered to them by Government. Hence no time should be lost to make efforts to start co-operative credit societies of workmen; and after they are set up, encouragement should be given to evolve out of them co-operative housing societies; and the provisions of the Trust Act should be so widened as to extend liberal facilities, already offered to the factory-owners, to such societies started and managed under the double supervision and guidance of factory-owners and Government officers.

If the solution of the problem of the housing of workmen is thus attempted and some measure of success is attained, many other measures for the amelioration of their condition can become feasible. Aid in various forms can be more easily and more effectually given to them. Free schools, free libraries, free dispensaries, free maternity-homes etc. can be set up and maintained with less difficulty and with the efforts and help of the factory-workmen themselves imbued with the wholesome principles of self-help and mutual help.

All this improvement in the material and moral condition of operatives means increase in their output of work, increase in the profits of the factory-owners, proportionate increase in trade and national wealth; and decrease in misery, vice and crime. It will result in the increase of the industrial population of the country. It will make workmen more steady, more sober, more skilful, and thus there will be a real approach towards peace, happiness and contentment, a millennium which co-operation in all forms aims at.

Resolutions.

In conclusion, I beg to submit the following resolutions for the consideration of this Conference:—

(I) Due efforts should be made to start one or more separate co-operative credit societies for workmen in each factory.

(II) The Registrar may be requested to frame by-laws for such societies and distribute them broadcast among factory-owners and factory-workmen.

(III) The factory-owners should be induced (1) to afford all facilities to establish such societies, (2) to deposit in them all unclaimed wages, fines and unpaid pies, (3) to make advances to them from their own surpluses, (4) and to assist them in

recovering overdue loans by making deductions from the wages of the defaulting workmen.

(IV) Government may be requested to assist the co-operative housing societies of workmen by extending to them the provisions of the Bombay City Improvement Trust Act which are at present limited only to the factory-owners in Bombay.

(V) The Bombay City Improvement Trust may be requested to help co-operative housing societies of workmen by providing them with convenient sites on cheap terms.

H. V. RAJWADKAR,

Chairman,

Lower Colaba Co-operative Credit Society, Ltd., Bombay.

P. S.—After I wrote and sent this paper for the approval of the Registrar I happened to read two papers dealing with the Co-operative Societies for Workmen, written by Mr. G. K. Deodhar for the two previous Conferences (1913 and 1914) in the published proceedings of which they were embodied. But as my stand-point and suggestions do not quite coincide with his, and as very little work has yet been done in the desirable direction another paper on the same subject will, I hope, be not reckoned as redundant.

H. V. R.

APPENDIX X.

Supervising Bodies in Urban Co-operative Societies.

The affairs of co-operative societies, whether rural or urban, are generally administered by managing committees, subject to the control of general bodies. But this control is more or less nominal. The general body meets once or twice a year. But it scarcely concerns itself with anything beyond (1) formally sanctioning the annual accounts and (2) electing office-bearers for the new year. The general body is thus practically bound hand and foot by the transactions entered into by the managing committee without being able to exercise any effective preventive control. The Government auditors, no doubt, carefully examine the society's accounts and see how far the rules in force have been observed or departed from. But this control is exercised *post facto* and the auditor's report upon the working of a society cannot help the society except in so far as it may give guidance or warning for the future. There are also other agencies of official supervision over the affairs of co-operative societies but such supervision has necessarily to be spasmodic and intermittent. The result of this state of things is naturally that the societies are more or less in the hands of their managing committees which again are generally guided by the secretaries.

The real centres of power and responsibility are thus the managing committees. They are generally composed of the more important and representative members of the societies. But much depends upon whether they are drawn from different parties or factions, or from the same party, as the result of skilful electioneering tactics. In the former case the debates or discussions in the managing committee are likely to be prolonged and wasteful. It cannot be denied that there is a compensating advantage to be derived from the existence of parties or factions in the managing committee. For it leads to a more searching scrutiny of all proposals or propositions put before that body; and no action can be taken without it being subjected to the wholesome operation of cross-questioning and counter-proposal. But this spirit of opposition and factious criticism can be possibly carried too far; and in that case more harm than good may be done to the general progress of the society, and there is necessarily an avoidable waste of time and energy. Consequently it would always be desirable, if it were possible, to have a supervising agency, forming part of the constitution itself of the co-operative society, which may prevent the evil effects, both of an unrighteous combination or an excessive party spirit among the members of the managing committee.

The co-operative society, with which I am connected, afforded, in previous years, examples of both these alternative evils; and the creation of a new supervising agency is believed, during the last two or three years, to have served the useful purpose of a moderator, who, without directly interfering in the detailed administration of the managing committee, could exercise just the needed degree of timely control to keep the working of the committee straight and yet effective. Some four years ago the criminal maladministration of the secretary of the society caused considerable loss to it; and unfortunately the managing committee, till then being drawn always from one particular party in the society and being allowed to remain in office in that condition for a long time, unconsciously helped the secretary's maladministration by its own habitual neglect of supervision. The Government auditor had a long list of more or less valid charges made out against the administration; and it looked at one time really as if the society would have to be dissolved. But the collective good sense of the members of the society, stimulated greatly by the well-meaning and friendly offices of the Registrar of Co-operative Societies, asserted itself in good time; and within a year or so the affairs of the society were completely overhauled; so that the Cosmos Co-operative Society is now officially reported to be a sound and a fairly efficient society.

Most of the credit for this commendable improvement is unquestionably due to those gentlemen who have worked on the managing committee of the society during the last three years, and especially their Chairman. But I have heard it stated that the improvement has been in great part and indirectly due also to the entire set of alterations in the rules of the society, thoughtfully devised by some of its leading members and very wisely adopted by a large majority of the members of the general body. One of these rules relates to the creation of a new integral limb in the society's constitution, viz., the "Advisory Board." This board consists of three members elected at the annual general meeting by ballot. The qualification for membership of the board is that the member of the board must be a member of the society, but must not be a loan-holder and presumably also not a surety for a loan-holder. Both these positive and negative qualifications are necessary. For in the first place a mere outsider is not expected to be as conversant with the affairs of the society or to take as much interest in the well-being of the society as is necessary for the purpose. But on the other hand if he is himself either a loan-holder or surety he necessarily ceases to enjoy that independence of spirit or position which alone can enable him to effectively discharge his duties, including as they do supervision, as a quasi-superior, over the administration of the managing committee which has the power to sanction loans and to enforce their repayment. It is provided by the rules that "the Advisory Board shall have powers to supervise the work of the secretaries, the auditors

and the managing committee and to call special general meetings at ten days' notice whenever required." The word supervision is of course a little vague and undefined. It is not stated whether the board has any definite control over these office-bearers. But the provision is deliberately so worded. For it is not intended that the board should concern itself directly with any details of the society's administration. But it is intended that the board should keep general watch and ward on such administration on behalf of the general body of the society. The real effective veto or control on these officers vests in the general body; but that body cannot meet as often as may be necessary. The very summoning of the general body is a tedious process. At least ten days' time is required for a meeting of the general body in any case, which means that it cannot possibly deal effectively with a case of emergency which can be met only by prompt action. Then, again, the rule as to a quorum is inexorable, and as the quorum required is forty members, the frequent possibility of adjournment for want of quorum has to be counted with. The initiative in convening a meeting of the general body rests with the managing committee; and a managing committee which is unwilling to convene such a meeting may indefinitely postpone it. There is no doubt a provision as to compulsorily calling a meeting on a requisition signed by twenty members. But members who are not on the managing committee seldom take such a vigilant or keen interest in the working of the society as to readily co-operate in what is apparently an extraordinary procedure and is to be adopted in manifest opposition to the managing committee. In these circumstances the power vested in the Advisory Board, to call a special meeting of the general body on its own independent authority, is a valuable safeguard. In important matters the board will probably not like to take responsibility in matters which require a resolution of the general body. But there is nothing to prevent the board from taking action in anticipation of the sanction of the general body in cases of emergency, and it will do so only in cases in which it is confident that it will receive the general body's support. The board may look like a fifth wheel in the coach when the only really working body is the managing committee and the only really controlling body is the general body. But it is a matter of actual experience that the Advisory Board is looked upon by all concerned, especially by those who feel aggrieved by any decisions of the managing committee, as a readily accessible safety-valve which may be appealed to by anyone at any time. The board is a small mobile body and it can be put into action by an easy effort, e.g., by an oral or written application which may be presented without any elaborate formality and even quite independently of the secretaries or the managing committee. The appeal may perhaps be more often rejected than entertained. But all the same, the aggrieved party feels some satisfaction in being able to let off steam and to have a dispassionate hearing; the board is believed to be non-partisan, and its decision has often the effect of bringing an appellant to reason. He obviously wants somebody else than the managing committee to tell him that he is wrong; and he gets him in the Advisory Board.

The Advisory Board can easily enforce compliance with their orders, if any, at the hands of the secretaries and the paid auditors. The question of a possible conflict between the managing committee and the Advisory Board is of course a really difficult question; especially if either of them be disposed to interpret the word "supervision" according to its own aggressive bent of mind. But conflicts of this kind have been conspicuous by their absence so far as the Cosmos Society is concerned. The rules of this society clearly and definitely give the Advisory Board a decisive voice in at least two matters. Thus rule 9A provides that when a question of removing a member from the society, on the ground of his being an undesirable member, is raised it is not the managing committee but the Advisory Board who will decide, after an inquiry, whether a recommendation shall or shall not be made to the general body for his removal. Also rule 18 provides that the managing committee may fill vacancies in the managing committee only after approval is given by the Advisory Board to the names proposed by the managing committee. All else is left to be included under the vague word "supervision." Some time after the board was constituted three years ago, appeals began to pour in against the decisions of managing committee; members of the society thought a regular court of appeal was constituted in the Advisory Board. Here there was a temptation to the board if it was inclined to take airs and to usurp powers which were really not meant for it but could have been assumed by it with a plausible excuse. The Board, however, took the earliest opportunity to determine its own idea as to its powers once for all and to disabuse the mind of the members of the society of the wrong ideas they held in this respect. The Advisory Board decided to be a law unto itself and recorded a standing order, as it were, for its own guidance that it should refuse to interfere with the decisions of the managing committee, so long as it was not shown that the committee had thereby clearly infringed any rule or by-law of the society, or had exercised its own discretion with manifest harshness or inequity, or had done or was about to do injury to the interests of the society. The managing committee was composed of nine members elected by ballot at a general meeting of the society; there was a statutory provision for securing the presence of a minimum number of new members, and limiting the presence of old members beyond a certain maximum on the managing committee; the committee had both the opportunity and the machinery for investigating the matters before it in such a manner as the Advisory Board would never be able to do; and lastly the committee was

to be responsible for the main transactions of the society. It was, therefore, absolutely necessary that the managing committee should have a free hand in whatever was entrusted to it and was done by it without breaking the rules and by-laws, and that the Advisory Board should not presume to do anything which might needlessly hamper the work or lower the prestige of that committee. This self-denying ordinance passed by the Advisory Board was found to have a very good result, viz., that the relations between the board and the committee always remained harmonious.

In my opinion the Advisory Board should consist of only three members elected by ballot at an annual general meeting. These must belong to a society as its members, and must not be loan-holders at or during the time of their appointment. Chairmen of managing committees, after their retirement, will naturally be regarded as most eligible for membership of the Advisory Board, and will probably be elected if they offer themselves as candidates for election. But the membership of the Advisory Board should not be limited to such persons only. As regards their powers, they should, I think, have the following:—

(1) Power to call for papers and returns from the managing committee and the secretaries.

(2) Power to give directions to secretaries and paid auditors regarding preparations of papers to be placed before general meetings.

(3) Power to suspend the operation of any decision of the managing committee if such decision be, in the opinion of the board, in contravention of any rule or by-law or otherwise grossly detrimental to the best interest of the society, provided that such suspension shall be reported to the general body, and a special meeting of that body shall be convened for obtaining the final decision of that body on the decision suspended, within three weeks from such suspension.

I have dealt with only one instance of a supervising body because I do not know much about similar bodies, if any, in other co-operative societies; and I have dealt with the Advisory Board in the Cosmos Society at such length simply because I happen to know something about that society intimately, having been a member of the Advisory Board for three years, i. e., since its original creation, and Chairman of that Board since July 1916. My experience of this one supervising body, however, leads me to confidently recommend that the example may be profitably followed by other urban co-operative societies by creating Advisory Boards if they have not got them already. In fact the Registrar of the Co-operative Societies may consider the advisability of seeing that such supervising bodies are made a regular feature of every urban co-operative society that may already exist or may come into being hereafter. Independent and disinterested supervision is a great asset, and it can be secured if Advisory Boards are made, by rules, a permanent, and necessary part of co-operative societies.

N. C. KELKAR.

APPENDIX XI.

Co-operative organization of the Milk Supply of Cities from outside villages.

During the last few years a very great deal of information has been gathered as to the milk supply of cities in various parts of the country and more particularly in Western India, and from these inquiries several conclusions which are of absolutely general character can be drawn. In the first place, the supply of milk to Indian cities is almost universally very dear and also very inferior in quality. In the second it is usually, if not always, very deficient. In most cases, while a large proportion of the milk is produced in the city itself by professional *gaolis*, a considerable amount—sometimes the largest amount—is brought in from outside villages daily, the attraction being the very high price which is obtainable in the city.

Such outside supply is limited in almost every case to the distance which it is possible to bring it in daily by hand. In inquiries made in Poona in 1912 it was found that at that city 21 per cent. of the outside milk came from sources within three miles of the city, 69·3 per cent. from those within six miles of the town, while 97·8 per cent. came from places less than nine miles away. Whatever came from a greater distance than this was brought in by train. I presume that something similar to this prevails elsewhere. There is absolutely no organization of the supply. Nearly all is brought in by hand and at first sight the matter seems eminently one in which co-operative organization can come in at least to arrange, either on behalf of the producers or the consumers, for the conveyance of the milk by a cheaper, safer and cleaner method to the consumers in the city. If this could be managed it would mean the improvement of the quality of the city milk, and would bring it to the doors of the people at a cheaper rate.

Beyond the area from which milk can be taken to the cities in this manner, milk is usually very cheap. I have been investigating during the present year the price at which milk could be obtained at a depot we proposed to establish at two milk-producing centres respectively twelve and fifteen miles from Poona. From these places now no milk goes to Poona at all, except in the form of its products—*ghee* and *khdva*. The differences in price of *pure* milk at these centres and in Poona are given below. The price at the villages in question included the delivery to the depot—only pure milk being taken.

	August to February.	March to July.
	Lbs. per rupee.	Lbs. per rupee.
Price at villages 12 to 16 miles from Poona.	18	16
Wholesale price offered in Poona for such milk delivered	14	12
Retail price for pure milk in Poona	8	8

We have, therefore, two possible outside sources of milk for cities. The first is from the villages within eight or nine miles from the city, and this is already utilized, but utilized uneconomically. The second is from sources further away and is at present practically not utilized at all. We have in fact to consider the possibility of the more effective exploitation of these two sources of milk to increase the supply available for inhabitants of the towns.

Here I may say that all my inquiries seem to indicate that the vital difficulty in organizing milk supply from outside sources is the almost universal practice of adulterating the milk brought into the city from outside. In our inquiries in Poona over 80 per cent. of the milk brought in from outside was mixed with water to a flagrant extent. In a recent inquiry as to the milk sent from a particular village near Poona and intercepted on the way, all was found to be mixed with water to a serious extent before reaching the city. I will speak later of the way in which this problem should be dealt with.

Reserving therefore for the moment the question of the purity and sanitary character of the milk, let us see how far we have experience of the application of co-operation to dealing with the question of organizing the supply of village milk in the towns. There are, according to information supplied by the Registrar, nine co-operative dairy societies in the Bombay Presidency. Of these most are societies for the use and benefit of city *gaolis* rather than societies for collecting milk from villages and taking it to the city. The only examples in which the society definitely organizes a village supply for a town are those at Alibag and Kothrud. The Alibag society is small, but its success certainly shows what could be done in this direction. The Kothrud society is as yet in too early a stage for examining as to what it is capable of doing.

But all the evidence here and elsewhere seems to indicate that the organization of a milk supply from the village producers for delivery to the consumers is a matter in which co-operation can take a considerable part. In one matter I want to suggest a warning. Such a society must either be a consumers' or a producers' society: it cannot

be both. It must work wholly in the interests of one class or the other: otherwise there will be clashing in the work, and the society will cease to command the confidence of either section of its members. It is this fact which has brought about much of the difficulty in running co-operative dairy societies in the past.

The type of society which would seem to be best adapted to help in solving the problem of getting milk to cities in the cheapest and best form, is a purely collecting society. It would have nothing to do with production, would purchase, for cash, milk which is brought to a village depot and which is not *seriously* adulterated as tested in every case by lactometer and at intervals by a fat tester, and would arrange for distribution in the city. Whether this is done on behalf of the village producers or on behalf of the town consumers is perhaps of little importance. Which would work best would probably depend on each particular case, though the organization of milk producers would probably be the simplest and most effective in the majority of instances. In the latter case it may or may not be wise to arrange the actual final distribution to the retail customers in the first instance.

In any case I want to insist that, so far as milk supply from villages is concerned, the first co-operative movement should be as organizer of the collection and conveyance of milk to the customers, be they wholesale or retail, in the city. The milk should be taken from the people in their villages and carried to the city. Milk carts can collect milk and bring it to a town centre. I am quite confident that this would be a legitimate and effective field of co-operative activity and I would go further and state that I think experience indicates that distribution is at present the one aspect of the milk problem that co-operation can tackle effectively.

It might be asked then whether I would entirely abandon the idea of a co-operative society acting as a means of improving the quality of the milk obtainable in a city. Beyond what is necessary to secure the business interest of the society, I may definitely say that I *would* abandon it. A co-operative milk supplying society is a business concern. It will take just as much care as its business requires to secure milk of the quality needed. It cannot without prejudice to its existence as a co-operative society act as a sanitary authority. The sanitary authority is the municipality and it must not be expected that a co-operative society should do more in that direction than its business interests require. Of course as time goes on, the business value of selling high quality milk would, I feel sure, appeal more and more to the members, but then it becomes a business measure pure and simple.

So far I have dealt with organizing the supply of milk from villages which are already near enough to the town to send it there at present, though by uneconomical and unsatisfactory methods. To supply adequately the needs of towns, I am confident that milk will in future will have to be drawn from wider areas, from which no milk whatever is now obtained. This matter is being realized in many places. Bombay is now or has been during the past year supplied from Gujarat and from Kirkee, not to speak of the G. I. P. stations to Kalyan and the B. B. & C. I. stations to Virar, by railway. Lonavla gets a daily supply by rail from Talegaon; Poona even gets a limited quantity by rail every day. But no definite effort has been made to organize such supply in the past.

We are at present investigating matters in the case of Poona with the idea of finding out how far its supply from greater distances can be organized both by road and rail. What will be the result I can hardly say at present. But I hope that something will be done before the Co-operative Conference meets next year and that I shall be able to present a note on the subject there. If successful it would seem to be a matter eminently suited to the application of co-operative methods.

In the meantime, I want to insist that experience indicates that the one field of co-operative activity which seems at present to give almost a certainty of success, is the organization of the collection of milk from village producers and distribution in the towns. Whether done on behalf of the village producers or of the town consumers it seems to have every prospect of success, though it cannot be done on behalf of both producers and consumers at the same time. I commend to you this as a field of co-operative development which offers every chance of success and avoids the dangers which have made co-operative milk and dairy societies so difficult to carry on in the past.

HAROLD H. MANN.

APPENDIX XII.

A scheme for providing instruction to Members of Co-operative Societies with a view to removing the obstacles to their efficient working owing to illiteracy.

To all students of the co-operative movement it has been clear that illiteracy amongst the rural population is a great stumbling block against the progress of co-operative movement. Attempts have been made in forming societies of illiterate agriculturists with the help of outside supervision and in many such cases a paid agency in the person of a school master or a kulkarni has been employed for carrying on the work of the society. This cannot be called a satisfactory arrangement. The only solution for this difficulty lies in the direction of universal primary education. But this, however, is not within our power to introduce, and what we have to consider is, pending the institution of universal education, can we not do something to stimulate the spread of education among the members of co-operative societies?

The object of the scheme which I have the pleasure to lay before this Conference is to train up a sufficient number of men in the three R's, in order to make the working of the co-operative societies independent of paid agency, so far at least as its internal management and keeping of accounts are concerned. My proposal is that in those co-operative societies where even the management committee is not literate, efforts should be made to teach the three R's to the present intelligent members of such societies. The education should be such as to ground them in reading, writing and keeping the societies' accounts properly.

As for the means of educating them, I think that, in those villages where schools and co-operative societies co-exist, some arrangement might be made with the school-masters under which they would coach up young and intelligent men of the societies in the evening after their work, for which a fair remuneration should be offered to the school-masters. I think that, with keen interest on the part of school-masters and the pupils, young men of average intelligence can be trained up in reading, writing and keeping accounts in 12 months. As an inducement to the pupils to exert themselves, prizes of about Rs. 20 or Rs. 25 should be offered on passing an examination to test them at the end of the period of instruction.

This prize need not be offered in the case of village societies in which there are already literate members.

In a village where no school exists it may be found possible to make a special arrangement with the school-master of the nearest village to give the required training at times and places most convenient to the member-learners. Or, in the alternative, it may be possible to employ a special school-master for two or three villages adjoining each other.

If this scheme is successful all parties will be gainers. The school-masters will get an additional income and the pupils (young members of the societies) without being disturbed in their ordinary daily vocation will get free education and in addition a handsome prize at the end of the year while the societies' gain will be, apart from the better administration of their work, the saving of charges of the paid agency. Further, with literate members of the committee the work will be done more intelligently; and possibly the successful example of a few of their number might infuse a general interest amongst others in the villages for at least sending their children to school.

I daresay when this paper is being considered by you all, several suggestions will be made to facilitate the carrying out the object in view. It may be found possible that those who have passed the final test examination may be induced by a small prize of Rs. 10 or Rs. 15 per scholar to coach up a few more young men so that there will be ultimately established a continuous chain of teacher-scholars. This scheme may also be introduced in villages which are ready to start new societies but where there are not literate persons to manage the societies.

The idea that is always to be kept in view is the helping of the co-operative movement and the attempts to be made or to train up a number of men considered sufficient in each village rather than all the members of the society in one village and I fully believe that if the honorary organizers and others who take interest in the co-operative movement in all parts of the presidency will help the co-operative societies in the direction indicated above the scheme will be a success.

While believing thoroughly in the scheme itself I recognize that some of the members of this Conference may consider it in the nature of an experiment. Even so it is an experiment with great potentialities and if it is a success we would have given an impetus to the movement in the direction where it is most needed.

In conclusion, I believe that in this great experiment a free hand should be given to those who have the control of finances, as it may be necessary to try a variety of methods according to the conditions of each village to gain the object in view. I propose that the Registrar should be given that free hand and that he should, in consultation with a small working committee consisting of the Honourable Mr. Lalubhai Samaldas, C.I.E., Mr. G. K. Devadhar and 2 or 3 members whom the Conference may choose, administer the funds. In order to make an immediate start I shall be glad to find the necessary funds for the experiments.

VITHALDAS D. THAKERSEY, KT

APPENDIX XIII.

Some guiding principles regarding the issue of loans by Urban Societies and the control and supervision of borrowers and sureties.

1. Loans may, speaking broadly, be classified under four heads:—
 - (a) Loans for the purpose of supplying capital.
 - (b) Loans to supply needs which, if not immediately met, will mean disaster or greatly increased expenditure in the near future.
 - (c) Loans to meet the cost of religious ceremonies, marriages, etc.
 - (d) Loans to redeem existing indebtedness.
2. The use of borrowed capital, or in other words the credit system, is a recognized principle of business and forms the basis of a large proportion of the mercantile transactions of the whole world, and there is no need at this stage in the history of Co-operative Credit Societies to enlarge on its advantages when applied to small borrowers, nor to add anything to the instructions laid down to enable Co-operative Credit Societies to check reckless and excessive borrowings, which would involve an overload of interest and ultimate failure. Suffice it to say, that a judicious use of borrowed capital is a fruitful means whereby available resources may be developed and profitable business established, which would be impossible if such assistance were not available.
3. But the Committees of Urban Societies should remember that, excepting only a very small percentage, the borrowers who will come to them for loans are not financiers or commercial men, they have not even the rudiments of a business training and are not accustomed to look beyond the needs of the moment; on the contrary, they have behind them the custom of generations which regards debt as a natural, unavoidable and even proper thing. The large majority of the people of India are utterly unable to appreciate the sentiment attributed to the "Village Blacksmith"—"He looks the whole world in the face, for he owes not any man," and are, so far as money matters are concerned, the veriest babes, who must be protected, not only from unscrupulous money-lenders, but also from themselves. The Committee should, therefore, as far as possible, investigate the business aspect of each application and satisfy themselves that the loan is necessary and that the interest payable will not swamp the profits to be secured.
4. This attitude of benevolent interest and readiness to advise is even more necessary in connection with the second class of loans, viz., those made with the object of meeting needs which, if not supplied at once, will mean disaster or greatly increased expenditure later on; for example, a loan for the restoration or repair of a house which threatens to fall or for the cost of defending a law suit which imperils the possession of property. In such cases careful inquiry should be made and the applicant should be advised, as it may easily happen that the financial embarrassments consequent on the taking of the loan may be far worse than the immediate loss and merely result in throwing away good money after bad.
5. In connection with loans for religious ceremonies, marriages, etc., Committees can do but little in the way of inducing borrowers to exercise economy, and it frequently happens that men, if refused the full amount applied for, will obtain the balance at a ruinous rate of interest from the nearest money-lender. Extravagance on these occasions is commonly regarded as justifiable and it is almost impossible for a man to resist the force of ancestral custom, even if he realizes that his failure to do so spells ruin to himself. But every effort should be made, by personal representation of the inevitable results of such extravagance, to induce would-be borrowers to consider, *not* how large a sum they can borrow from the society for such purposes, but how small a sum they can arrange to spend on such ceremonies so as to keep their indebtedness down to a minimum. It may, for example, be pointed out in some cases that the instalments to be paid will be beyond the borrowers' actual income and thus they may be induced to be satisfied with smaller loans.
6. In all these directions Committees should endeavour to take the position of friendly advisers, giving in simple language the reasons for their advice and seeking to instil into the people the elements of business methods, the habit of looking ahead and above all the practical exercise of common-sense.
7. But it is in regard to the problem of fighting the demon of existing debt that Co-operative Societies can really achieve a good deal of success, if they will take a little trouble and not be impatient in dealing with applicants. These people are like children and cannot easily be brought to understand that, by suppressing all mention of some of their financial difficulties, they are actually hindering those who are anxiously endeavouring to help them. By patient questioning the full facts should be elicited if possible and a complete list of creditors recorded, showing dates on which each debt was incurred, the amount actually received, the amount of the bond or bonds given, the rate of interest, and the total at present owing. In many cases it will be found possible on a personal interview with the creditors to compound with them for an immediate settlement of the debts by the cash-down payment of greatly reduced amounts.

8. The Committee's beneficent influence does not cease with the issue of the loan. There is a great tendency to look upon Co-operative Credit Societies merely as an easy way of getting money, and instead of being a means of combating an evil in the least harmful way they may, if proper precautions are not taken, become nothing more than an additional facility for running into debt and therefore a curse to the community instead of a blessing.

9. In many cases those who have taken loans have failed to exercise economy and frugality in their regular expenditure while paying off their instalments and have in consequence had to take second or even third loans before completing the repayment of the first, thereby in some instances actually increasing their burden of debt. It should therefore be accepted among the principles to be followed by every urban society that loans should not be issued for religious ceremonies, marriages, etc., or indeed for any purpose for amounts in excess of the reasonable requirements of the case or involving the payment of instalments which are beyond the applicant's means, and further, second loans should not be issued in cases in which there is reason to believe that reasonable economy and frugality have not been exercised in order that the borrower may live within his income and not incur fresh debts while paying off his instalments. This does not of course apply to cases of unavoidable expenses consequent on sickness or other misfortune.

10. The period within which a debt should be repaid should be decided upon a sliding scale based upon the amount which the borrower may reasonably be expected to repay monthly towards the liquidation of the loan. Under ordinary circumstances it may be suggested as fair that a man should not be expected to devote more than 25 per cent. of his income to repayment of the principal, plus interest, and the number of monthly instalments for its complete payment should be fixed accordingly.

11. The beneficent influences to be exerted by the Committee have been touched upon, but there is sometimes a tendency on the part of borrowers to take unfair advantage of the assistance afforded by Co-operative Societies and consequently a large amount of supervision and control becomes necessary. There have been cases, for example, in which men have borrowed money for the avowed purpose of settling specified debts and then have squandered it in some foolish way, leaving their debts still hanging like a millstone round their necks. To combat this sort of thing it is desirable at times to notify the borrower before issuing the loan that he must submit the creditors' receipts for inspection within a specified time and it may be necessary in doubtful cases even to make the payment to the creditors direct instead of allowing the borrower to do so. Further, in the event of a second loan being applied for and the names of creditors connected with the first loan again appearing in the list of creditors submitted, a strict inquiry into the circumstances should be made and, if necessary, further assistance be refused.

12. A few remarks may perhaps not be out of place here on the question of the security upon which loans may be issued. If there is realizable property which can be deposited, mortgaged or hypothecated, the matter is simple: otherwise sureties must be provided by the borrower. The financial status of the sureties offered must be investigated to avoid the possibility of men of straw being taken as sureties, and each man's liabilities must be clearly explained to him. It is probable that in all cases some money or property will be available to set against any possible loss and the liability may also be distributed among several sureties: so the amount falling upon each will, as a rule, not be large. Should any of the sureties die or become no longer able to afford efficient security, they must be replaced without delay.

13. One other matter should be borne in mind at all times, namely, the need for looking after the interests of sureties. It is not easy to find suitable men willing to "stand security" for their neighbours: so it is important that Committees should not consider only their Society's security against loss but should do all in their power to see that the borrower pays in full, if that is possible rather than call upon the sureties to make the amount good. The machinery provided by Government to compel repayment by borrowers is efficient and inexpensive and Committees should make full use of it so as to protect the sureties as far as possible.

14. To sum up the suggestions offered in this paper, the attitude of the Committees of Urban Co-operative Credit Societies should be that of fathers to their children: they should seek to win the confidence of all parties and be ready at all times with patient interest and sound advice, while carrying on the work of the society on thoroughly businesslike lines. They should seek to dissuade the people from resorting for financial help to professional money-lenders and make them feel that they can be assured of sympathetic advice and material assistance in times of difficulty from the Co-operative Society; they should endeavour to instil into the minds of the people generally an appreciation of the value of thrift and economy and they should give their uniform support to those who act as sureties to ensure that as far as possible their co-operation shall not result in any avoidable loss.

15. Finally, every effort should be made to deal with applications for loans promptly, as in most cases the money is needed at once, and the position grows seriously worse by each day's delay. The old Latin proverb is particularly applicable in the case of Co-operative Credit Societies—"He gives double who gives quickly."

24th August 1917.

FRANK J. CLARK.

APPENDIX XIV.

Suggestions for the amendment of the model by-laws.

A member of a society should not be indebted to any outside agency, is desirable from an economic point of view. To free a member from all debts at once by the society would not tend to improve him in his character of self-help, is an argument advanced against him. To give a member long-term loan would not improve him in his habit of punctuality and thrift, is another argument advanced against him. The arguments are unexceptionable by themselves. But making every allowance for all these arguments the fact remains that funds are not sufficient to relieve a member from his necessary wants. By-law 32 of new Leaflet A fixes different periods for different kinds of loans but the by-law avails very little when long-term capital could not be secured. A member has to borrow from outside at a higher rate of interest if he minds to punctually pay off the debt due to the society. As truly observed by His Excellency Lord Willingdon, it is not so much the want of knowledge of agriculture, but want of capital that really hampers the peasantry in its onward progress, and unless the sinews of war could be found, no battle could be successful against the poverty of the agriculturists.

The primary societies are as a rule of unlimited liability and this provision is the greatest safeguard for depositors. By unlimited liability the depositors are quite safe, and as this fact becomes known there is a chance of capital, invested in lower rate of interest, being turned in the new channel. Systematic efforts in this direction are urgently needed. By often writing to the press, by preaching, by personally visiting capitalists and explaining to them the safety much can be done is my humble experience.

To make a rule that a member should not borrow from outside would be a hardship, so long as societies have no sufficient funds. But it is desirable that some rule should be enacted by which the Managing Committee may be appraised of the intention of a member to borrow from outside. This will enable the Managing Committee to know for what purpose the loan is wanted, and if it thinks that that purpose can be put off it will advise the member not to rush in for debt, or if the funds permit accommodate him. I have known instances where members have recklessly entered into outside debts which could have been prevented by the Managing Committee if it had been made aware of them.

Such a rule is also desirable from another point of view. The register of assets of a society is a very important document and the auditors should insist upon societies to keep this register as accurate as possible. I have found some of the societies are not careful in keeping this register and I am trying to impress upon the minds of the members of the Managing Committee to keep the register in such a form as to show all the outside liabilities of a member including even hand loans. The proposed rule would enable the members of the Managing Committee to correct the register of assets from time to time. The proposed by-law which I give below is substantially taken from the by-laws of the Central Provinces Federation of Co-operative Banks for the use of primary credit societies:—

“A member undertakes after admission to membership to refrain from borrowing money on any pretext whatsoever except from the society of which he is a member unless he has given previous notice to the Managing Committee and has obtained its instructions concerning his intention to borrow from outside.”

As a necessary corollary to the above by-law another by-law as proposed below is necessary:—

“When the Managing Committee has been appraised by a member of his intention to borrow from outside, it should carefully look to the purpose of borrowing and tender such advice as it deems proper and may advance loan to the extent of the limit prescribed in by-law 33 of new Leaflet A if the funds permit, notwithstanding that such a member is already indebted to the society.”

By-law 37 of the new Leaflet A allows the Registrar to sanction a loan above the amount of Rs. 750 for liquidation of old debts. But if a deserving member of a society wants loan, not for liquidation of old debts, but for improving the land he cannot allow that loan under this by-law. But such loans have been allowed in few cases. Technically speaking there is no rule to grant loans for purposes other than liquidation of old debts, and it is therefore suggested to amend this by-law in such a way as to invest the Registrar with the power to grant loans for any deserving purpose. This power is absolutely necessary and therefore the legal flaw should be removed. This technical defect was brought to my notice by Mr. L. G. Gokhale, Auditor of South Central Division.

The Conference is requested to kindly consider these suggestions and adopt them with such modifications as are deemed proper.

Barsi, 22nd July 1917.

R. M. SANE.

APPENDIX XV.

Spheres of Central Banks and the Departmental Staff in the finance and supervision of primary societies.

(1) Although at the present stage of their development all co-operative societies more or less stand in need of supervision, guidance and help at the hands of the Departmental staff, it can be said without fear of serious opposition that the departmental interference should in no case exceed the barest minimum necessary, if the real aim of co-operative movement be to foster the growth of a true co-operative spirit among all the co-operative workers from amongst the people.

(2) It may therefore be laid down as the very first rule of our conduct with regard to the financing of primary societies that all applications for loans by the primary societies to the Central Banks should be direct from the former to the latter, without the intervention of the Departmental Officers. Any tendency to forward them through the Departmental Officer is to be deprecated. It only causes unnecessary delay. It tends to create an impression that the Departmental Officer is the person to be looked up to for help; and rightly or wrongly it tends to give rise to a belief that there is some sort of antagonism between the interests of the primary societies and the Central Banks which the Departmental Officer alone can effectively control. Persons connected with primary societies soon begin to complain of the grasping exactions of the directorate of the Central Banks to the Departmental Officer, and of the petty tyrannies of the Departmental Officer to the Directors of the Central Banks. This leads to unnecessary friction. The practice is tried to be justified in case of several primary societies with a stipendiary joint Secretary on the ground that the latter is a direct subordinate of the Auditor and therefore applications for loans made by him must be through his immediate superior. There is no substance in the argument. It subordinates an important principle to mere routine and serves no useful purpose.

(3) It is therefore desirable as well as necessary that all applications for loans by the primary societies should be made direct to the Central Bank in their district, no matter whether they are affiliated to the Central Bank or not. Departmental Officers should be required to make all endeavours in their power to persuade the primary societies in their charge to be affiliated to their District Bank. But whether affiliated or not, all the primary societies in a district must in the first instance apply for loans to their District Bank, and the District Bank must so far as possible find money for them; of course other things being equal, giving preference to societies affiliated to it. If the District Bank is unable to find funds for any such application made, it shall promptly forward them for disposal by the Presidency Central Bank with such remarks as it may be in a position to make as regards the financial condition and the credit of the societies concerned.

(4) Instances have occurred of late of primary societies applying for loans direct to the Presidency Central Bank, and of Departmental Officers recommending such applications, without reference to the District Bank concerned. Such a practice, if allowed to be continued, may at times enable primary societies to obtain more credit than they really deserve and thus cause a serious loss to the Financing Banks and embarrassment to themselves.

(5) Next to making loans to primary societies the most important matter to look to is that the loans are properly distributed among all the needy members of the primary societies fairly and equitably. It has been found that in not a few instances the Secretary and other office bearers of rural societies have abused their position of trust and have, instead of distributing the amount of the loan fairly and equitably among all those members of the societies for whom the loan was applied for and granted, distributed the same among their relations and friends or kept the moneys to themselves. Thus, having dishonestly retained to themselves more than they were entitled to, or more than they were able to repay within the stipulated time, they failed to keep their engagement, and with their failure their societies also failed and became defaulters. To avoid such things in future it is desirable that in cases where such malpractices are suspected, Central Banks should be allowed to use the agency of the honorary organizers more freely for the purpose of properly distributing the amount of the loan.

(6) Another matter of equal, if not greater, importance is the question of allowing absolute freedom to the rural societies and District Banks to fix the terms of the contracts of loans between them, as regards dates of repayment, instalments, etc. Now, a little experience is enough to let anyone know what are the principal crops in any particular village or taluka and when people of that village or taluka are likely to have moneys of the sale-proceeds of those crops in their hands with which they can pay off their loans. The time for repayment thus best suited to the primary societies in Olpad and Chorasi talukas will be between 1st April to 15th May, to societies in Bulsar and Pardi talukas between 1st December to 31st March, and between 1st April to 30th April to societies in the Mandvi taluka of the Surat district. The primary societies and the banks should be allowed to fix their dates between these dates, and unless exceptional circumstances make it absolutely necessary to alter the dates of

payment—and the bank should be allowed to be the judge of such exceptional circumstances—the repayment on the due dates must be insisted on. Departmental Officers should not be allowed to interfere with these dates of repayment and instalments; any the least interference by them, even by way of a mere recommendation by the Assistant Auditor or other officer, is a signal for all societies to apply for extensions of time, and whether the extension is granted or not, illiterate people interpret such a recommendation as equivalent to extension of time by Government, and decline to pay, with the result that the District Bank that has fixed the dates of repayment of deposits made to it with due regard to the dates of repayment of loans advanced by it finds its business dislocated and finds it hard to meet its liabilities. The Central Banks must be trusted to extend times of repayment if necessary. Departmental Officers may, if necessary, make a recommendation for extending the times of repayment by societies in a particular locality or localities if they should find that such a general situation has arisen where such a step should be taken. But that recommendation must be a general one on general grounds. Their accepting individual applications and endorsing them for extension of time have a demoralizing effect, as stated above.

(7) In order to secure prompt and timely repayment of loans the directorate of the banks should be empowered to levy a notice fee and a small penalty, should repayment be not made within 10 days after service of notice, as it is allowed to be done in case of default in payment of land revenue.

(8) The sphere of action of Departmental staff in the finance of primary societies should be merely educative and supervisory. They should in the first place persuade all primary societies within their charge to be affiliated to the nearest District Bank, and should impress upon the members of the primary societies their imperative duty to make regular payments and thus improve their credit. They should examine their accounts and transactions, see that they are regularly kept and honestly entered into, and should always inculcate upon their minds the duty of not only making regular payments but of effecting savings. If they should find that circumstances have arisen which would prevent the societies from making the repayments on the stipulated dates, they may confidentially advise the Central Banks as regards the circumstances arisen, and leave the banks to deal with the situation thus created. They must continue to audit accounts as they now do, should from time to time examine and check the list of the members of the societies and thus certify as to their solvency or otherwise. They should also inquire into the amounts of annual loans which societies may have to ask for in each particular year, the purposes for which the loans will have to be applied for and the probable dates of such applications so that the Central Banks may know beforehand the probable demands of the primary societies on them during that particular year; and generally they should supervise the whole of the work done by these primary societies, point out their errors where they have erred in a spirit of sympathy and good will and to guide them aright in the future in a spirit of true co-operative spirit.

(9) The Inspectors of the Central Banks shall also do the same work in the same spirit.

C. M. GANDHI,

Chairman,

Surat District Co-operative Union, Ltd.

30th July 1917.

APPENDIX XVI.

Cottage Industries and Co-operative Societies.

Of the various classes of people whom the Co-operative Societies Act was intended to relieve, the agriculturists have derived the greatest benefit, and it is indeed gratifying to behold how grateful they feel to the co-operative movement. Agriculture is the staple industry of this country, and every step taken to better the condition of the cultivator is a national service. There are, however, other industries which are of a sufficient importance to demand the attention of the co-operative movement. So far the energies of all the co-operators have been directed to the amelioration of the poverty of the agriculturist, though here and there we do find some share of their attention is diverted to the weaver or the mill-hand. But for various reasons the handicraftsman has not yet received that support or encouragement which he deserves. It is often heard being said that in these days of the keen conflict between the handicrafts and the factories, hand-made articles cannot possibly compete with the machine output, and that cottage industries are doomed to extinction. It is said that when factories can produce so uniform goods at so cheap a rate it is impossible for the handicrafts to find a market. But those who make such sweeping remarks seem to have in view only cotton industries before their eyes, forgetting that there are many other cottage industries which are more or less above the reach of the factories. The reason is that the downfall of handicrafts is the most vivid in the case of cotton industries. It is no use wasting breath in carping at the factory or abusing it for all the evils that has brought in its train. The growth of machinery is inevitable with the advance of science and the growing needs of the public, and although it may tend to supplant the handicraft we must submit to the inevitable and try to find out a way in spite of it. Side by side with the growth of factories the needs of the public are also increasing by leaps and bounds, and hence even in the case of hand-loom which are subject to the worst onslaught of the factories, it has been found impossible to oust them totally from the field of industrialism. The villagers still find it to their taste and advantage to use the coarse species of cloth which is within the absolute sphere of the hand-loom. This cloth is very thick, warm and durable and is made everywhere in the country for local sale by hand-loom weavers. Some of the Bombay mills, I understand, tried to produce this kind of cloth, but had to give it up as bad business. Similarly, *saris* and *rumdls* are still found to be beyond the reach of factories. In England the small industries are as much a distinctive feature of industry as the factories and iron-works. On the continent the home industries are still flourishing, only some of the old ones are dying out and giving place to new ones equal in importance and almost equal in number. Indeed, the home industry is extending everywhere side by side with the great industry, and the reason is not far to seek. Cheap machines, home labour and local consumption are the three factors which will ever prevent the cottage industries from becoming extinct. Moreover, machinery cannot do anything more than a routine and stereo-typed work, and where fashion fluctuates or the individual taste of the consumer is a potent factor, it cannot take the place of the craftsman.

Next to agriculture the hand-loom is the most important of the cottage industries of India. It is eminently suited to the conditions of the village-life and the sedentary habits of the villager. But the system on which it is now being carried on has rendered it incompetent to race with the factories. The rude mechanism which was invented thousands of years ago is still adhered to by the village weaver in its primitive form. The one decided advantage which he had over the mill-owner—namely, the combination of labour and capital within himself—is also making itself scarce and leaving the small weaver to the mercies of the village usurer and the greediness of the middleman between the producer and the customer. If these three factors—the rudeness of the implements, the usury of the capitalist, and the meddling of the middleman—are eliminated, then the hand-loom weaver will have no reason to be afraid of the mill-owner in the least. Mr. R. B. Patel, the Director of Agriculture and Industries in the Baroda State, in a well-considered article on the subject full of facts and figures, points out how “if certain improvements be made in the hand-loom and preparatory machines, the increased production would exceed the total imports of cotton piece-goods into the country.” The products of the hand-loom working in the country can be more than doubled by the use of improved and suitable mechanism, and as this increase in production can be produced by the same number of men as now engaged, the price of the products will necessarily be cheaper, and their ability to withstand competition will proportionately be augmented. Mr. Patel also points out how the hand-loom productions will leave untouched the area already occupied by the factories and will yet be able to find a sufficient market. But in order to achieve this result, it is necessary to find means to help the weaver in the three aforesaid respects. It is here that the aid of the co-operative organization needs to be invoked by means of societies to provide improved implements, to supply capital and to make purchase and sale. Such societies will also have to undertake in course of time to impart the necessary technical education by employing experts for one or more villages. As Mr. Havell, a great believer in hand-loom industry, says, “what I want to see is one Indian weaving village provided with

the best modern weaving apparatus, with proper technical help and financial assistance as a model for all other weaving villages in India. If this were worked properly, it would easily compete with the power-loom factories, and it would be an object-lesson worth all technical schools in the world." If such facilities be afforded even those agriculturists who are not professional weavers may feel an inclination to try the pursuit of weaving during their leisure hours. They are mostly small land-holders and the methods of dry cultivation which they usually follow occupy only a fraction of their time and on an average leave them without work for nearly half the year. It is often observed that during this period of non-employment, if there be some mill near about the village, they go to work there as mill-hands and spoil their health for want of a better occupation. If the needed facilities are afforded to them, the rougher sorts of clothing that they require for their every-day use could easily be manufactured by themselves in their own homes. A well-organized co-operative society can successfully undertake to furnish all such facilities and no more incentive will be needed to induce the home-loving agriculturist to prefer working at his own house even at a comparatively smaller gain to whiling away his leisure in idleness or working as a mill-hand away from home. Such a society could conveniently purchase for them the raw material, set up a common warping apparatus wherever needed and train them to use it, and arrange to sell the surplus products of one cultivator's loom and buy that of another and thus enable the ryot and his wife, not only to save the expenses of their own clothing, but also to earn something more from what would be a useful secondary pursuit. A number of weavers' societies are established in our Presidency, but they have made only a small beginning as they ought to be expected to do, and let us hope that in course of time they will supply all the facilities expected of them, and fulfil all the hopes entertained of them. Necessarily the success of such societies will depend on the interest taken by the local zealous and disinterested workers in the field. The class of people among whom this work is to be carried on is mostly illiterate and very slow to take up any new idea. Owing to the paucity of educated people in the village it is often difficult to ensure a strong managing body. Hence such societies have still remained in an infant stage and cannot be rendered popular so easily as the co-operative credit societies. For some years to come this state will have to continue until the benefits to accrue from them leave no doubt in the mind of the villager that the society is working for his own good: Till this stage is reached it is necessary to employ a body of experts to pay repeated visits to every society to guide the business it has to conduct. The additional expense that may be incurred for this is certainly worth spending and may partly be met with by the societies themselves as they grow up.

Besides weaving there are many other cottage industries to which all the foregoing remarks apply with equal force, such as the oil-pressing industry, the leather industry, glass bangle-making, lac-working, cloth-printing, clay-modelling, metal-working and many more. Of these, the oil-pressing and the leather industries deserve special attention. The industry of oil-pressing is largely carried on in almost all the Indian villages, but the rapid increase in the exportation of oil-seeds and the large scale on which the industry is carried on with the "Expellers" have rendered it hard for the petty village oilman to defy competition. But if our Telis are taught to combine for the purpose of storing up oil-seeds in season, are supplied with the requisite capital for the purpose on easy terms, and are afforded the facilities to despatch the oil to the best possible market, then their profits will considerably be increased and they need not be afraid of the downfall which is now threatening them. This can be achieved by the establishment of Co-operative Teli Societies with a central society for a group of them at some market place, to serve as a society for purchase and sale. Unless the decay, that has already set in in this branch of industry, is speedily arrested by means of some such extraneous help, oil-pressing threatens to cease to exist as a principal cottage industry of India.

The same may be said of the leather industry. The lot of our "Chambhars" is even worse. They consist of a population of nearly three million souls, and have stuck to their hereditary profession of leather industry in spite of a most unequal competition with the foreign large-scale manufacturers. The "Chambhar" is regarded an untouchable, his profession is looked down upon as mean, he is himself drowned deep in ignorance, and is not in touch with the progress of the world nor with the improved methods that are employed in his industry elsewhere. Under such circumstances it is not possible for him to uplift himself so as to cope with the competition with which he is faced. At one time the tanning industry flourished to such an extent in India that she used to export tanned leather to Europe. But now in the place of tanned leather the export of tanning materials and raw hides to Europe and America has risen to an astounding figure, to be imported back as finished goods. The rude antiquated system of tanning to which the Indian Chambhar has stuck gives him very little gain and he seldom finds his tanning industry worth the pains he takes. Mr. Guthrie, who was specially deputed to investigate into the possibilities of this industry, arrived at very hopeful conclusions about its future, if proper help was given to the Chambhars, and suggests that co-operative societies are the best remedy to render this help. Both from the philanthropic and the economic point of view, this important class of artisans ought to attract our best attention. In former times villagers were not as a rule in the habit of wearing boots or shoes; but now the fashion has changed and the use of foot-wears is deemed a necessity even in the most

out of the way hamlets. This has opened up a wide market to the Chambhars, but they find it hard to withstand foreign competition owing to the inferiority of their products and their want of means to improve them and sell them cheaper. As Mr. Guthrie says, "these leather-workers are always in debt to the local money-lender and have to buy all materials through him and at his price." On such terms it will naturally be impossible for him to cope with outside competitors. A good deal is being talked of about the uplifting of the "depressed classes" and attempts are everywhere being made to give them literary education. Without deprecating the value and necessity of literary education, I would urge upon the greater necessity of teaching this most depressed Chambhar community some practical process of tanning and of coaching it up to work as skilled labourers in the Indian tanneries of the future. I understand that Rao Saheb Pandit has started a Co-operative Chambhar Society at Sirsi, and that it is doing good work. If such practical philanthropists be found coming forward in other villages too, the day of the total regeneration of the Chambhar community will not be far off. As Mr. Ewbank says in his last year's Annual Report, "men of the lowest caste are capable of developing a high standard of honesty and a real sense of self-respect, whenever a man of higher class exerts himself personally to help them and to encourage them." I hope that men of such "higher class"—men of a strong personality and organizing capacity—will not be slow in coming forward to take up this work.

Besides these old cottage industries, many new ones are likely to be successful in this country in the immediate future. The Honourable Dr. Nilaratan Sarcar, when expressing this view to the Industries Commission, mentioned, among such new prospective industries, the industries of brush-making, lace-making, making of hand-bags and purses, sock-knitting, wicker-work, making of wooden and earthenware toys and dolls, card-board boxes and cases, button-making, walking-stick-making, making of handles for sticks and umbrellas, ratan and bamboo furniture-making, making artificial linen flowers, trimming of hats and making straw and felt hats, making ready-made clothes, etc., and making musical instruments. Of course, many of these can be successful only in certain suitable areas and only when introduced into the homes of hereditary artisans; and when these are assisted with small machinery and better implements, and with the proper organization to supply the required models, patterns, capital and facilities for the disposal of manufactured articles, they are sure to thrive. Our industrial population is already organized into castes marked by a spirit of association, solidarity and co-operation in social dealings, and this is distinctly favourable for co-operation for industrial purposes. Many of these prospective industries are already in existence here, but they are followed only by isolated individual artisans here and there, and a strong guiding hand is required to organize and teach them. To quote the language of Professor Mukerjee, there are the seeds in the Indian soil; the co-operator's labour and cultivation are required in order that this soil may yield a harvest possibly more abundant than that of the West.

Our popular Registrar, Mr. Ewbank, has already directed his attention to this branch of the co-operative movement, and having discussed the whole question in an article published in the "Social Service Quarterly," he has confidently arrived at the gratifying conclusion that "the organization of co-operative societies for the supply of raw materials, which is at present in the hands of the village money-lenders and for the meeting of the current needs of the members cannot fail before long to arrest the decay of handicrafts." This definite conclusion is entitled to all the weight that his long experience and a special study of the subject deserves. I have not the least doubt that local educated men will not be found wanting to render their whole-hearted help in the cause. The war has also afforded a unique and unprecedented opportunity to make a push forward and let us hope that this opportunity will be availed of to regain for our cottage industries a position where it will be impossible for the factories to assail them.

N. S. LOKUR,

Chairman,

The Belgaum Pioneer Urban Co-operative Credit Society, Belgaum.

APPENDIX XVII.

Co-operative Housing Societies—why they should and how they could be encouraged.

The housing question affects us in various ways: as users of houses in which we live, we have to pay exorbitant and rising rents and yet we are deprived of amenities and conveniences which we find necessary for our comfort; as inhabitants of cities, it affects our physical, mental and moral well-being. The more the houses and the more the overcrowding in them, the less is our vitality and the vitality of the rising generation; our physical and mental activities have a tendency to degenerate. It is impossible to keep up a high standard of morality in overcrowded buildings with a heterogenous population. The loss in material wealth due to increased mortality in consequence of bad housing, decreased vitality and suffering must be enormous. To this must be added the loss caused by the workman being housed at a distance from the scene of his work and the loss of energy and time due to his having to travel or trudge long distances daily or seasonally to be present where his labour is wanted. While the housing question is most urgent in cities, the growth of our towns, under the *pax Britannica*, is raising difficulties even there and unless it is attended to in time it will become a very serious problem and cause serious loss in future.

2. Owing to the peculiar conditions in India (the insecurity of life and property, the gregarious habits of the people, the practice of housing animals with them and the administrative feature of the Land Revenue Code which recognizes a peculiar status for villages sites) our villages as well as cities and towns are overcrowded and raise the housing question in various ways. The question is, however, most pressing in the cities of Bombay, Ahmedabad, Poona and Surat.

3. In a lecture delivered before the Bombay Co-operative Housing Association the Honourable Mr. Orr, the worthy Chairman of the City of Bombay Improvement Trust, drew attention to the density of the population in Bombay in the following terms:—
“The average density of the population of the whole of London is 64 to the acre. Modern economists consider this very heavy and would like to reduce it to 42. They would no doubt like to do the same with Bombay where the average density of the population (67 per acre) is slightly greater than that of London. They would be horrified to hear that there is in the heart of Bombay an area of 994 acres with a population of 391 to the acre. Here nearly two-fifths of the population of Bombay Island is huddled into a little over one-fifteenth of the total area. Even if we could spread the whole population evenly over all parts of the island, the density would be, in the eyes of modern economists, far too great; and since the population is bound to increase, it is obvious that we ought to be looking out for new areas over which to spread the future population of Bombay. The average density of 67 for the whole island covers sectional densities varying from 7 in Sion to 638 in Nagpada.”

4. The improvement schemes of the Trust, while they have the effect of dispersing the population from certain areas, have also the effect of increasing the density elsewhere; and as the increase of the population and its dispersal from existing houses is increasing faster than the increase in house accommodation, the average density per house has gone on increasing, and the rents of houses have gone on increasing much faster under the pressure of this and other causes.

5. In spite of the excellent communication by the two Railways which serve Bombay, the exodus to the suburbs has not kept pace with the increase of population and rise in rents in Bombay, and in spite of great hopes of suburban development the number of houses in the suburban area have not proportionately increased. The state of things in Ahmedabad and Poona is similar and the want of adequate communication by rail or tram makes the position there, from the occupier's point of view, worse.

6. By the construction of model chawls the Improvement Trust has shown, not only that mortality could be reduced, but has given an object-lesson in housing. The great employers of labour, viz., Port Trust, the Railways and the Government, have done something to house their servants, but much more remains to be done. The mill-owners and owners of factories have done practically nothing to house their employees. The public, chiefly the middle and lower classes, have gone on suffering with much grumbling, but have done nothing to solve the housing question, everybody being busy with his affairs and the housing question being nobody's business.

7. In England the housing question has been taken up by many philanthropists and town-planning experts, so that many garden cities, garden suburbs, co-partnership societies, model dwellings and cottages have arisen. In India, except for a small number of buildings built for poor Parsis and the Sarasvat Housing Society, we (I mean the public) have done nothing to solve the housing problem. The question may then be asked—How long are we going to put up with this canker of modern society and is there no remedy?

8. As in the sphere of financial facilities the large banks are useful only to the rich people, and the poor man's needs are being supplied by co-operative *credit* societies, so in the matter of housing it is chiefly to *co-operative housing* societies that we can look

to bring about a reduction in rents and in overcrowding, and improvement in accommodation for the middle and poor classes. The first Co-operative Societies Act was passed in 1904 and we have today in the Bombay Presidency about 1,500 credit societies. They have effected a reduction in rates of interest and the extraordinary gains of the usurer. The new Act of 1912, which opened the way for other forms of co-operation, has been in existence nearly five years and only three housing societies have been registered, out of which only one is in full working order. At this rate the problem, if left to the capitalist, will become insoluble, as each year brings an addition to the population of our cities and towns. As in the case of the rural population the interests of the capitalist and the cultivator, in the matter of credit, are diametrically opposed, so in the matter of housing the interests of the landlord and tenant are opposed to each other. It is by a combination of the interests of the two in the same parties by means of co-operative housing societies that it will be possible for a considerable number of people to join together in a common scheme and supply themselves with sanitary habitations in localities which are most convenient to them.

9. According to the census of 1911 out of 979,415 persons enumerated in Bombay City, only 191,581 or less than 20 per cent. were born in Bombay; the yearly number of deaths exceed the number of births and the population is kept up by a "constant supply of humanity from outside." The immigrants, who are chiefly from Ratnagiri, Poona, Satara, Kolaba, Surat, Kathiawar, Cutch, Goa, Rajputana and United Provinces, congregate in certain localities. If we go further into the matter we shall probably find that people of the same caste, community, district or village live together or near each other. It seems therefore quite possible to take advantage of this gregariousness of neighbours, relations or people of the same caste in housing them in permanent homes in spite of individual occupants changing from time to time. Take for instance the Goan "*cuds*" or clubs of persons hailing from the same village, which have rented habitations of their own for years in spite of the migratory nature of the population. If these had taken advantage of a co-operative scheme and bought or provided themselves with houses in earlier times, they would have saved a large sum in rents and would, by the judicious creation of sinking funds, have been able to acquire property which would have been of enormous value now. This is quite true also of the ghatias, mill-hands from Ratnagiri, "Pardeshis" of United Provinces and Cutchis, Kathiawaris and other classes. Land in the northern part of the island was cheap and it was possible with some organization, supported by philanthropic effort, to have decently housed the people so that the inflowing stream would have, on arrival, found friendly lodgings to accommodate them.

10. The time for this organization and philanthropic effort is not yet past and it is possible by means of co-operative societies with some encouragement from Government, local bodies and employers of labour to house our population though gradually in decent and healthy quarters. It is a duty which we owe to ourselves and future generations. In enumerating the chief advantages secured in improving house accommodation through the agency of co-operative housing societies we may consider the following.

11. The plague has been with us for the last 20 years and as the census report tells us, the deaths have been most numerous at the regenerative age (15 to 40): we have thus lost, not only the persons at the most useful periods of their lives when mental and physical vigour is at its best, but also the loss of the children and children's children, which these people would have supplied to the world. The Sanitary Commissioner says (page 16, Report of 1915) that "the protection of important towns from plague raises many problems incapable of solution in the immediate future; among them are the grain trade . . . and the ever-present housing question." With communal housing societies, with well-ventilated houses, erected through their agency, the deaths from plague would decrease; and when any epidemic does break out it would be easier to enforce sanitary regulations like inoculation, disinfection and evacuation. The public opinion of the society's buildings would support all the measures for the common good, and the work of the doctors, the police and the Health Department would be much simplified. Similar facilities would exist when epidemics of cholera, smallpox and other diseases break out.

12. The census also brings into prominent relief the great shortage in the city of women, particularly of married women of a child-bearing age, compared with the number that there ought to be in a normal community. Whereas the number of married women between 15 to 40, is 35 per cent. of the population in the whole Presidency, in Bombay City it is 27 per cent. One of the main reasons for the deficiency of women is the want of suitable and cheap house accommodation. The married man finds it very expensive to keep his wife with him and either does not bring her to Bombay or reduces her stay to as short a period as possible, because, apart from expense, his wife has to live among neighbours to whom she is not accustomed and whose friendship she cannot and will not make. This separation causes anxiety both to the husband and the wife, particularly in times of illness, when either cannot be by the side of the other. The family life is much broken and there is not time enough for the growth of those associations which a married life implies. This also means an absence of the father from the children for long periods and the weakening of parental and filial ties. In a co-operative society's buildings rents would be less, and the women and children would have plenty of friends

with whom they could associate and make friendship, and the main reasons for separation would be removed.

13. In spite of the fact that many prospective mothers leave Bombay "to give their babies a chance of life" the mortality of children in the first year of life was 385 in 1914 and 329 in 1915 per thousand children born in the city. The Health Officer regretfully remarks that "all the steps taken to reduce infant mortality can scarcely be expected to do more than merely touch the fringe of the problem, for the census of 1911 showed that 76 per cent. of the population live in one-room tenements." A special investigation by the Health Department showed that infant mortality per 100 births registered was 61.8 when more than one family occupied a room, 31.9 in one-room tenements, 24.0 in two-room tenements and 19.2 in three-room tenements. Among the causes which lead to this frightful child mortality one of the chief is the confinement of the mother and the upbringing of the child in ill-ventilated and insanitary rooms. With a scheme of co-operative housing better rooms would be available and special rooms could be set apart for a maternity hospital for the community and the children will be brought up under better surroundings. To this we must add the improved health of the children and probability of their growth to vigorous manhood.

14. Phthisis and tuberculous diseases have gone on increasing at an alarming rate and the root cause has been diagnosed to be ill-ventilated and overcrowded houses and the prevalence of dust. The following extract from the Sanitary Report of 1915 is painful reading:—"The most serious feature in the history of phthisis is the gradual infection of Ratnagiri district urban and rural areas by persons returning from Bombay. Emigration to Bombay is common; the infected individual returns to the district in the advanced and infectious stage of the disease to die a few weeks after return. This importation of infection is a serious matter for those districts which supply Bombay with labourers. In the prevention of tuberculosis, the provision of hospitals, dispensaries and sanatoria are undoubtedly wise measures. The experience of Great Britain has shown that such measures, though limiting the spread of infection, will not eliminate the disease. The removal of the cause of the disease is required and the essential cause is *the unsatisfactory manner in which the people are housed.*" A co-operative housing society, acting as it would under approved regulations, would provide better houses, reduce the number of damp floors and thus minimize the cause. The spread of infection would be much reduced, as the rooms occupied by phthisical persons would be known and could be more effectively disinfected. At present new persons enter a house or room without being aware of the fact that phthisical persons had occupied it.

15. Similarly by providing sanitary surroundings co-operative housing societies could reduce attacks from malaria, particularly in the suburbs of Bombay. The growth of garden suburbs on co-operative lines would soon remove rank vegetable growth and noxious grasses and by encouraging cultivation would drive away malaria.

16. From an educational point of view the growth of co-operative housing societies would be a blessing. The difficulty of providing schools for a variety of languages in the same locality would be removed, as the members would belong to the same or allied communities. A Gujarati father would not be compelled, as now, to send his child to a Marathi school and a Hindustani parent would not be compelled to send his child to a Gujarati school. The loss of time and risk now involved in little children going long distances to reach their schools would be removed. The children would have more time to play and would take to each other better. Female education, particularly of young women, would thus receive encouragement, as they would be under the eyes of their relations and friends. A very interesting example of this is furnished by the Sarasvat Housing Society, where a hall is set apart for the common purposes of the community and when not used by men is used for training married and other young women in needle-work, first aid, nursing and domestic economy.

17. From a social point of view the advantages of co-operative housing need hardly be mentioned. People could join together on occasions of their joys and sorrows—marriages, thread ceremonies, funerals, caste dinners—by setting apart one set of rooms for the purpose. They could visit friends and relations more easily and oftener, and would be able to dispense with conveyances and with persons to accompany them through crowded streets. Doctors could visit their patients more easily as their clientele would be housed in a small neighbourhood. Shopping would be easier. There would be a general improvement in public morality.

18. As a training in self-government and business enterprise, co-operative housing societies would furnish a valuable field. The people would be familiarized with a governing body elected by themselves and the necessity for observing laws made by themselves. The managing committee would supply the place of a village or caste panchayat and could relieve Government of some criminal and civil work.

19. A judicious location of co-operative societies' houses near the scene of their work, e. g., mill-hands in the mill district, and factory-hands near the factories, would save much of the time now wasted in going to and from the scene of their work and conserve the energies of the population for the work to be done. The large class of clerks, and others who have regular occupations and shorter hours of work could be housed in

garden cottages in the suburbs and brought to the city by railways and tramways much to the advantage of this class as well as the labouring population who would then have more room.

20. The distribution of co-operative societies between town and suburbs would reduce the pressure upon the land in the town and arrest the rapid rise in prices of land which is now taking place. The joint construction of a large number of houses would make the legal and other expenses of construction less; there would be an opportunity for standardizing doors, windows, etc., thus reducing cost, and wholesale or large contracts could be entered into at reduced cost for the mutual benefit of the tenants.

21. Co-operative housing would help temperance and social reformers, as liquor shops could be relegated to a distance and objectionable people hunted away. Societies having branches in the city and suburbs could arrange for a convalescent home for change of air instead of having to send persons recovering from long illnesses to distant places.

22. The census report of 1911 estimates the number of people periodically migrating to and from Bombay at 125,000, chiefly forming the class of coolies, mill-hands and cartmen, coming in the fair season and going away at the break of the rains. The annual cost of movement of this large number, including the loss of their wages during transit and the cost of transport would be several lakhs, and even admitting that this large periodic movement could not be completely stopped, the provision of good living accommodation in Bombay would certainly induce many to stay and become semi-permanent citizens to the great delight and advantage of the employers of labour.

23. As stated above, during the five years in which the new Act has been in force only one housing society has been brought up to a working stage. The Registrar of Co-operative Societies is already over-weighted with his 1,500 credit societies and the organization of more such societies in the districts. Nor has he the necessary engineering assistance at his immediate disposal; but for the due progress of the movement and an early removal of the manifold evils we are suffering from bad and dear housing, some agency, whose special and sole duty it is to attend to this matter is necessary. In the Bombay Co-operative Housing Association Government can find such an agency, if they would only officially recognize it and help it with a small grant-in-aid annually, coupled with a right to settle its constitution and to nominate a few members. An alternative would be to create a board like the Sanitary Board, Council of Legal Education, Auditors' Council, Board of Technical Education, etc., with a right to the Housing Association to nominate one or two members. This body would look upon co-operative housing as its duty and bring to bear on this subject the collective influence and technical knowledge of its members and thus encourage housing schemes. They would co-ordinate the assistance from different sources (Government, local bodies, etc.) and relieve Government of a lot of detailed work. It would be absolutely necessary to associate the Registrar with this board.

24. In other countries the Government and municipalities have come to the help of housing the poor in various ways, chiefly by enacting laws in their favour and giving large financial assistance. Our existing laws meet the present purpose, and in the present circumstances it would be idle to expect any considerable financial assistance. It would be a wrong policy to help those who can help themselves. A large class of people who belong to the middle or the lower middle classes have intelligence enough and can collectively raise enough capital. This would particularly be the case if people of the same village, caste or class are encouraged to combine. The richer members would then readily come forward to help their less favoured brethren. There would then remain the very poor who cannot raise the full capital. These would require some assistance but this could be made conditional on their giving to the society some of their labour free. I have no doubt that this would be forthcoming when they know that they are working for their own benefit. At least, the labour of the workers could be counted as an equivalent to so much capital.

25. There are, however, other ways in which Government could help these societies materially:—

(a) with the free advice of their engineers (as they helped local bodies in the earlier stages), surveyors and arbitrators;

(b) with waste lands, when available, free of occupancy price or at reduced occupancy price;

(c) by fixing the building assessment at a fair rate per acre above the agricultural assessment;

(d) by the acquisition of land at the cost of the societies;

(e) by the extension of village sites or the privileges of village sites to areas adjoining crowded cities, towns and villages, as has been done at Nasik;

(f) by the exchange of agricultural land at a distance in place of land taken up for building sites;

(g) by making comprehensive plans for the development of suburban area, specially marking the future trunk or main roads and making them available to the

public on the payment of a small fee. It would not be of much use asking the people to see them in the Development Officer's office, as people at a distance or who could not spare time during office hours, could not readily do it. Development plans of small areas are not of much use to the public;

(h) by the remission of fees for quarrying stones, sand, earth and kunkur required by housing societies;

(i) by allowing facilities for the manufacture of bricks for societies and abstaining from recovering fines for such purposes;

(j) by the gradual recovery of the cost of town-planning schemes in instalments spread over, say, about 30 years;

(k) by making and marking through roads or helping the local authorities to make them. The increased land revenue which would come in by the conversion of agricultural lands into building sites would, in a short series of years, fully recoup the extra cost to Government;

(l) by giving the managing committee of the society the status of a village panchayat to settle petty disputes and of a village munsiff to settle petty suits. This would raise their status and reduce work in the Criminal and Small Cause Courts;

(m) by giving the societies the privilege of nominating a member to the local municipality or notified area;

(n) by the grant of permits to remove timber and bamboos from the forests at reduced rates. This would be of special value in places like Belgaum and Dharwar where they could be easily removed and like Ahmedabad and Jalgaon where owing to the scarcity of timber the privilege would be much valued;

(o) by the popularization of co-operative credit societies, particularly in Bombay City, as they would be the means of introducing cheap capital. For this popularization special organizers would have to be employed.

Of course, it is not intended that all the concessions need be given in every case. The housing board could be given authority to sanction such as they think best in each case up to a certain limit and beyond that would make their recommendations to Government.

26. In view of the various advantages to the health of the population and thereby to municipalities by properly housing them, co-operative housing societies should receive special advantages at their hands. This could be done in the following ways:—

(a) a proportionate reduction in the house or general tax in view of the reduction in cost of collection;

(b) a proportionate reduction in the price of water supplied in view of the saving of waste and the society accepting responsibility for the cost of collection;

(c) a reduction or remission of the sanitary or halalkhor tax if the societies make their own arrangements;

(d) a remission in the octroi duty on building materials used for the societies' buildings;

(e) a grant equal to the building grant given to schools and hospitals on the understanding that the society would devote a definite area for a school or dispensary;

(f) a supply of plants from municipal gardens for plantations on the societies' roads;

(g) permission to open a shop or shops for the sale of meat, fish and vegetables under adequate safeguards;

(h) permission to take water from municipal mains passing through the suburbs;

(i) purchase of land by the municipality on behalf of societies and transfer to them at cost price, as is stated to be done in Germany;

(j) by making the services of the municipal engineering staff available free of charge.

27. The case of mill-hands requires special treatment. Owing to the presence of cotton fluff and to the damp atmosphere in cotton mills, and possibly to the long hours of work, the mill-hands are peculiarly liable to pulmonary diseases and to a general undermining of the constitution. One of the reasons for the high child mortality in Bombay apart from bad housing is stated to be the hard work the mother has to do and to her insufficient nourishment during pregnancy. Work in mills is therefore a source of danger to the community in Bombay, to the population of those districts from which they are recruited (as they carry infection to their homes—see paragraph 14 above), and to the well-being of the rising generation. The State has therefore a special duty towards them, particularly as from their labour it derives a large income in the shape of the excise duty, income-tax and import duties on articles specially imported for mills. The municipality also has a special duty, as upon the health of the mill-hands they have to spend much money, and the health of these hands would reduce the infection to other inhabitants in the city. Much of the municipal income is derived

directly or indirectly from their labour. The mill-owners of course have a much greater obligation to provide for them. Lastly, the operatives themselves should be required to do something for themselves. Each party shirks its duty and is not prepared to do anything. The question is not also as simple as it looks—as complications would arise when the mill-owner provides houses and finds some of the members of the family housed by him working elsewhere. It would also give a cruel weapon in his hands to force the operatives to work in a place where, and at times when, they do not want to work, for instance when they want to go to their homes or wish to take some holidays. Difficulties also would arise when relations and friends of the parties come to stay with them and when the children of the family seek other employment. The formation of co-operative housing societies, which would be under the management of a joint board of the representatives of Government, the municipality, mill-owners and mill-hands, and to which all the parties would contribute, seems to offer a solution. There should be a society for each building or a group of buildings; for every rupee the operatives contribute the other three parties should contribute three, in such proportion as may be settled hereafter, in the shape of grants-in-aid by contributing to the shares held by the operatives. The buildings should be erected as far as possible in groups near the mills; after the construction is over, the internal management should be left to the members constituting the society. As all the mills would be interested in the scheme no difficulties as to the members of one family working in different mills or different places would arise. Residence in the buildings would be restricted automatically to those households at least one member of which has taken shares. As moderate rents would be paid for occupancy, the employment of some of the members in other work would not matter. The contributions of the operatives could be easily recovered by stoppages of their pay and would not be grudged, as the parties would profit three times of the amount they contribute. It would, however, be necessary to limit the transfer of shares and the declaration of dividends in favour of the residents of co-operative societies' buildings.

28. By an arrangement like the above the greatest gainers would be the mill-owners, as the labourers, being saved long journeys, would be fresh when they start work. The operatives could get their midday meals hot from their own houses near by and would thus be better fed. The number of absentees and defaulters would be less. The periodical migration would be reduced and the available labour supply increased during the rains. They would also be able to train up a permanent or semi-permanent labouring population with a considerable gain to their skill.

29. The above measures would raise a public interest in the housing question, and associations like the Bombay Co-operative Housing Association would arise in other cities and towns. This would lead to public men and rich men devoting their time and money for the amelioration of the condition of their less favoured brethren as the garden city associations and co-partnership societies are doing in England. The interest thus taken would radiate to the villages, as the migration of the population would concurrently lead to a migration of the ideas and standards of comfort.

F. A. C. REBELLO.

APPENDIX XVIII.

The Scope and Aims of Urban Co-operative Credit Societies.

Your Excellency, brother co-operators and gentlemen,

The subject which I propose to discuss is the constitution of an urban society, particularly with reference to its size and the class of persons it should be composed of.

The primary object of the co-operative movement is the promotion of thrift and self-help among agriculturists, artisans and men of limited means, as declared in the preamble of Act No. II of 1912. The theory underlying co-operation is that weak individuals should be helped to better their moral and material position by combining among themselves. In the words of the Committee on Co-operation in India—"The theory of co-operation is very briefly that an isolated and powerless individual can by association with others and by moral development and mutual support obtain in his own degree the material advantages available to wealthy and powerful persons, and thereby develop himself to the fullest extent of his natural abilities. By the union of forces material advancement is secured and by united action self-reliance is fostered, and it is from interaction of their influences that it is hoped to attain the effective realization of the higher and more prosperous standard of life which has been characterized as better business, better farming and better living." The moral side of the movement is as important as the economic or material. Nay, it is the very backbone of it. It is this moral aspect of the movement that will stand by us in the difficult and arduous task of the amelioration of the masses and the economically small men. Now that the co-operative movement has taken root and has advanced fast within the space of a few years, special attention should be devoted to this aspect of the question.

India, being mainly an agricultural country, and the problem of the indebtedness of the agricultural classes being more serious and difficult to deal with than the industrial problem, it is but meet that the first place is given in the Act to the "agriculturists." There is no distinction as regards them between a wealthy agriculturist owning large tracts of land and peasants having small holdings to their credit. Up to this time attention has chiefly been devoted to the promotion of the societies of the agricultural classes.

There is another vast field where our energies ought to be directed with equal force and enthusiasm. It is the industrial field. There is still much to be done in that sphere. Our home industries are fast disappearing. The industrial problem demands at the present day as much attention as agricultural. We have to do a great deal for the artisan, the small trader and the cottage-workers. In these days of scarcity and competition the condition of the middle class people demands anxious care and attention. I hope that if co-operation be carried in their midst in a true spirit the day will not be far distant when we shall be able to see all our native industries and arts thrive. The interest on loans paid by the industrial classes in towns is not lower than that charged to agriculturists. I may go a little further and say that it is even more, because the *sawkar* has a better security in the case of an agriculturist, viz., his agricultural holding, and he is likely to be content with a lower rate of interest. In the case of an artisan and a cottage-worker the only security for the *sawkar* is his tools and the honest business-habits of the man. It is with this view that the Committee on Co-operation have pressed upon the attention of Government that the development of non-agricultural societies should be encouraged to proceed *pari passu* with that of the agricultural societies. They say "with rising prices, insufficient and insanitary house accommodation," wages often held in arrears and a desire for a higher standard of living consequent on the spread of education, industrial difficulties are bound to increase, and we are of opinion that any form of organization (such as co-operative societies) that has a tendency to alleviate their difficulties is worthy of support.

Thus the object of co-operation being to elevate the man of small means to his natural level in all respects, I venture to suggest—I say venture because there is weighty and strong opinion to the contrary—that almost the same principles, with slight differences to suit local conditions, should prevail in the organization of any scheme that is meant to accomplish this end. What we have to aim at in both the kinds of the societies, rural and urban, is that the small man is to be taught to be thrifty and self-reliant and thus helped to achieve his own salvation.

As regards the size of an urban society, we should have small beginnings. The members of such a society should be few to start with and the increases should be gradual and the ultimate total moderate. Small societies can be better trained in the principles of co-operation than a larger one. They can be better managed and supervised. If the society is a large one it is not possible to devote much attention to each of its component parts. In a large society there will be no scope for local talent to develop. The field of the society should be sufficiently restricted to allow members to be mutually acquainted and to be in a position to exercise an effective mutual control. Admission to the society should be by election after full inquiry into the character and circumstances of the candidates by the managing committee of the society. It is very difficult to suggest a definite numerical maximum. If I am permitted to venture a suggestion, I may suggest that it should never exceed a total of 200.

In making the above suggestion I am not unmindful of many big urban societies, both in the Deccan and the Karnatak, which have been more or less efficiently managed until now. They had better be called "People's Banks" than co-operative societies, in the truest sense of the term. They show a tendency to mould themselves into the shape of an ordinary joint stock bank. It has been many times found that people join these societies more with a view to borrow at a cheap rate. They join these societies whenever there is an occasion for them to borrow and retire when the last rupee of their loan is paid off. They take little interest in the affairs and management of the society. I say this with some experience, being at the head of a society, for a couple of years, which is the largest in the Karnatak, having a membership of 1,680 and a working capital of about Rs. 2,75,000, viz., the Southern Mahratta Urban C. C. Society. It must be said to their credit that these societies have in certain cases financed the rural societies also. The Southern Mahratta Urban, of which I have spoken above, has lent nearly 75,000 rupees to primary societies with the permission of the Registrar before the Karnatak Central Bank was started last year. But I must confess, except collecting a portion of the local capital by way of shares and deposits and re-distributing them by way of loans to the members, they have not contributed much towards the realization of the true object. In short, I do not wish to be understood that I hold that the People's Banks or the societies I am speaking of are no good. No doubt, they have been helping, in their own way, some portion of the middle classes only economically. These types of societies admit all classes of the urban population. There are lawyers, doctors, big merchants, land-owners, high-salaried servants, sarafs, petty traders, widows, artisans, tangawalas, butchers, basket-makers, tailors, shoe-makers and agriculturists in one group. We cannot expect very high abiding results in the way of true co-operation from such a conglomeration as this. Such a sort of combination must naturally lack unity and cohesion. It is truly said that such large bodies of diverse classes and occupations have become an increasing source of anxiety to the Registrars.

I will be doing an injustice if I fail to mention the important part these societies or the People's Banks as they are called have played till now in tapping the local capital. In the beginning of the movement it seems it was not thought desirable that there should be a strict adherence to the principles of co-operation. But now that we have made a remarkable advance in the course of a few years it is high time that we should begin to co-ordinate and consolidate. The annual report for the year ending 31st March 1916 can leave no doubt whatever upon ones mind that the seed of co-operation has fallen upon good ground. The progress made is remarkable. Of course, we shall have to admit that all that has been established is not perfect. There is, indeed, a good deal capable of improvement.

The point which I wish to bring to your notice is that there should be a proper and judicious admixture. There should not be a mixture of too many occupations in a single urban society as described above. It is said that mixed societies, wherever tried, have not been a success. It would be even better if there be a separate society for members of the same occupation or similar occupations. In India, there are peculiar advantages for this kind of organization. In other countries urban life usually involves a lack of cohesion and a want of fraternal feeling even amongst neighbours. In India there is the fellowship of caste and the discipline and a common interest of caste. In India we find that in many instances occupations represent the castes. Ask an ordinary man what is his caste. The ready answer is I am a Teli, a Shimpi, a Kumbhar. Substitute a single caste for a single village, make caste as it were the urban unit and weld the units thus formed within one town into the powerful credit weapon which a co-operative union is. The liabilities of these small societies should also be like the primary societies unlimited. Section 4 of Act II of 1912 does not prevent us from making the liability of an urban society unlimited though the Act says the liability of a society of which the majority of the members are agriculturists should be unlimited unless by general and special order of the local Government otherwise directed. It has been said the principle of limited liability was not originally accepted by Schulze-Delitzsch. On the contrary, the first Schulze-Delitzsch societies were associations with unlimited liability operating within small areas. It should be admitted that the principle of unlimited liability gives the maximum of credit possible in the absence of material pledge, compels the admission only of the more prudent and thrifty and binds the members together in a spirit of fraternity. It may be objected that this kind of organization will not draw initially much capital and the man of limited means would be left where he is unless the wealthier sections of the public are given an admission and that the wealthier people will not join if the liability is not limited. No doubt, this is a true and grave objection to be answered. I beg to answer this, firstly, by saying that we will find some philanthropists, as there are some such persons in each and every community, who will take up the cause of their poor brethren. They might be prevailed upon to help the cause of their brothers by keeping deposits in the society. This will further furnish an inducement to them to watch and supervise the working of the society. Secondly, by organizing co-operative unions. Such an union might be composed of a number of such small societies (each perhaps) with limited liability as to the responsibility of the union for the outside world and with unlimited liability as to loans granted by the union to the society itself. Membership of the union should be open to individuals as well as societies. Thirdly

the present big urban societies or the People's Banks being converted into Taluka and District Banks as circumstances permit. No doubt, we shall have to make certain changes in the constitution of the societies as they are presently organized. This shall have to be done by careful process of classification and elimination.

These are the few thoughts which have occurred to me and I have placed them before you. I do not claim very large experience in the field of co-operative movement. My experience is only of two years. I am neither quite sanguine nor confident about them. It is for you, the more enlightened and experienced, to judge them.

In conclusion, I thank you all for having given me an opportunity to place my humble views before you and also for having given me a patient hearing.

VISHWANATH NARAYAN JOG, B.A., LL.B.,

Chairman,

S. U. C. C. Society, Limited, Dharwar.

APPENDIX XIX.

The Ideal of a Dutiful Organizer.

On the 22nd of July I received a letter from the Registrar, informing me of the date fixed for the holding of this Conference, and asking me whether I could make it convenient to read a paper on any subject of my choice relating to co-operation. I welcomed the announcement and also the proposal. The holding of Provincial Conferences is a part of the programme of business of the Co-operative Department and its object is plain to all co-operators. The deliberations of such conferences help the solution of important problems, awaken best thought, stimulate right action, infuse greater enthusiasm and spirit in the workers and the general public, and afford wise guidance and useful direction to all concerned. Experienced co-operators that you are, you are best able to weigh and judge opinions matured in the light of the experiences of any individual and to assess their real worth. Before such an assembly as constitutes this Conference, I beg to express my views on what forms the subject of this paper, viz., the ideal of a dutiful organizer. I really feel delighted that I am allowed an opportunity by the Registrar for doing so. But what is disconcerting to my mind is the thought of my own unworthiness to claim the attention of and to seek to enlighten this great gathering presided over by His Excellency Lord Willingdon, the strong and wise ruler of our province, whose genuine and warm sympathy for every good and beneficial cause is so well known.

The Government seeks to extend the benefits of co-operation in every nook and corner of India and to all castes and classes of people. This end can never be achieved except through the valuable agency of earnest and efficient organizers. The Registrar does not fail to point out in his annual Administration Reports the good and useful work that is done by them. The efficient management of co-operative societies depends, in no small measure, on their capacity, influence and vigilance. So the personality of an organizer is a factor to be reckoned with. It is, therefore, but meet that every organizer must have a precise conception of the best ideals, the essential basic principles and right methods of work, such as would ensure maximum amount of good work. Intelligence, accurate and extensive knowledge of things, capacity for work, zeal, earnestness and respectable social status are certainly needed in an organizer, as they are needed in an active and successful worker in any other field or sphere. He must try to keep abreast of modern thought, assimilate the ideas and views propounded by the standard writers, noted authorities and the pre-eminent pioneers, who have spread and vivified the movement. He must also be a careful reader of the current literature provided by the annual reports of Registrars, resolutions of the Imperial and Provincial Governments and magazines. When his mind is thus saturated with thorough knowledge of the subject, he is far better equipped for the task. The one most requisite quality that an organizer ought to possess is patriotic feeling. Without this the others are of little consequence. Patriotic feeling connotes disinterested love for useful work and whole-hearted attachment to any beneficial movement. And it is well known that one, that is actuated by patriotic spirit, pursues his aims and perseveres in his undertakings, undeterred by difficulties or discouragement. For making his mission successful, an organizer has to combat adverse and obstructive forces like ignorance, illiteracy, distrust, perverseness and even wilful opposition from designing persons and interested quarters. In dealing with narrow-minded, suspicious and unrefined people, he has to put up with petulance and discourtesy. How can he withstand all these and push the cause, if he has not the courage, patience and determination born of patriotic spirit? So I regard the sterling quality of patriotism as one of primary importance.

The co-operative movement is fraught with immense potentialities for the advancement of public weal. The Government has, in pursuance of its benevolent policy, been striving hard to extend the movement. There is a wide field here for patriots aspiring to do material and constructive work for the regeneration of the country, to exert themselves and achieve best results. The development and success of the movement, which mean the advancement of trade, industries and agriculture and the exaltation of domestic and social life, must result in infinite good to the community. And the organizer, who works with zeal and energy and faith in his mission and love for the people, will have his place among the saviours of the society.

The consideration of this subject incidentally raises the issue whether the institution of honorary organizers, on the importance of which I have said so much, ought to exist as a permanent adjunct to the Co-operative Department or is to be availed of only for a limited period of time in the early stages of the growth of the movement. I am inclined to think that its aid should be requisitioned and availed of as a temporary measure till it becomes evident that the movement has outgrown the need of organizers. As matters stand at present, co-operation cannot make headway without the agency of the honorary organizers; but continuous dependence on this agency for the success of the movement is both unnecessary and undesirable. In many of the affairs of the world, what is indispensable at one stage becomes a superfluity at a later one. When once the co-operative movement becomes firmly rooted in the Indian soil and the co-operative spirit permeates all classes of people in every part of the country, the services

of the organizer will be the least needed. But now his work and influence constitute a valuable factor. When the best of the model societies demonstrate to the best effect the advantages of co-operation, call forth the spirit of emulation and help in the multiplication of the co-operative societies in the neighbouring parts, the progress will be by leaps and bounds. When a decent number of societies grow up near one another, they must be combined for mutual help and guidance. This is an ideal system on which co-operation should be sought to be broadbased and extended. This has been already done in some provinces where more favourable conditions exist. This system is more effective and less expensive to the Government. This system is, in the very nature of things, destined to be fruitful of far better results. That tends to draw out and cultivate, with greater certainty, the qualities of self-help and self-reliance.

In the organization of co-operative societies the organizers must so direct their labours as to be helpful to the Co-operative Department in the introduction of the Union System. Success will soon attend the efforts made in that direction, as the adverse and obstructive forces referred to above must abate sooner or later, as all classes of people are fast beginning to realize the advantages of co-operation. Moreover, lack of public spirit is not so apparent now as it was before. Day by day, the conditions are growing more favourable to the introduction of the Union System. The organizers will, therefore, do well, I suppose, to begin by making a careful selection of good centres to put forth their best efforts, and start model societies, around which new societies may spring up by the stimulus of example and active propagandism.

Another question which merits consideration on the present occasion is whether the organizers ought to be independent of District Co-operative Central Banks when they are formed or on their boards. The solution of this question appears to me to be important in view of the fact that, sooner or later, almost every district in our province may have its own Central Co-operative Bank. It goes without saying that the development of existing societies and the progress of the movement itself are seriously hampered by the lack of facilities for financing societies as needs may arise. As a solution of this problem the formation of District Banks has been advocated and some banks have, in consequence already come into existence. More, in due course, will come to be formed, so that some day every district may have its own bank. It is therefore time that the question whether the organizers should be connected with the administration of such bank or not should be seriously considered.

When District Banks are formed, they will include among their members both individuals and societies. But loans will be granted only to member societies for whose benefit they are intended. There will be societies of varying degrees of growth and stability, and serious doubts and difficulties will be experienced by the managing committees in granting loans to them. As the committees will be anxious that all their loans are well secured and not liable to misuse, it is natural to expect that they will refuse to grant loans until they have satisfied themselves as to the credit and working of each of the societies seeking a loan. In the absence, therefore, of any other competent agency commanding the confidence of the banks to help them in this behalf, they will be obliged to maintain an independent staff of their own for assessing credit, recommending loans, inspecting the transactions of debtor-societies and keeping a close and watchful eye on their working. But it is questionable whether in the early stages of their existence the banks can afford the expense of maintaining such a staff and yet work with profit. Moreover, they are subject to the risk of erroneous views being formed of the credit and real character of the management of any society by the officers of the staff, by reason of their inability to look below the surface and perceive material facts and realities.

In provinces where the Guaranteeing Union System is introduced, the necessity of banks keeping such a staff is, of course, obviated; for member societies have to submit their applications for loans through their respective Unions and the applications are not granted unless they are recommended by Unions. The Unions, however, hesitate to recommend any loans to societies whom they are not prepared to rely upon, as the recommendations involve their guarantee in their corporate capacity to make up any loss caused by default in repayment of the loans. These Unions, therefore, are well adapted to meet the requirements of District Banks, but such Unions do not exist here and the banks cannot be expected to work profitably by engaging a paid agency to help them. In these circumstances, District Banks would, I think, do well to enlist the co-operation of organizers by offering them seats on their boards and to take advantage of the valuable help and guidance, which their intimate knowledge of the real status and character of each society in their charge ought to fit them to give. The recommendations of organizers in the matter of granting loans to member societies would naturally involve a moral responsibility on them, which, for their position, it may be expected they will fully realize. I am, therefore, of opinion that honorary organizers ought to be on the managing committees of District Banks to guide them in the matter of granting loans.

I shall now conclude my paper by making a few remarks on the question of organizers' duties as regards liquidation. In my opinion the work ought never to form part of an organizer's duties. It is often very onerous and irksome and encroaches upon his valuable time and attention. His legitimate work of organization, teaching, training, etc., may suffer considerably, and this means the palpable diminution of the quantity of more

useful work that is expected of him. I would, therefore, in this connection, suggest that one or two officers may be employed by the Co-operative Department specially to look after liquidation work. Such an arrangement appears to me to be quite necessary and ought to be made, as early as possible, so that organizers may be always free to utilize their time for their own legitimate duties. This arrangement may not prove very costly to the Department as the expenses of liquidation are to be borne by the societies in liquidation. Even supposing it may cost something, the interests of the co-operative movement, which it ought to help, will justify the step. As for arbitration work, it may be referred to organizers in areas where there are no competent persons to whom it can be entrusted.

G. R. MASUR,
Honorary Organizer, Kanara, Masur.

APPENDIX XX.

Summary of the Resolutions of the Conference.

Item on Agenda.	Resolutions.
I ...	Recorded.
II ...	Recorded.
III ...	<p>(1) As it is not possible to adopt in this Presidency the standard of fluid resources prescribed by the Committee on Co-operation without unduly raising the lending rate of interest on loans to members of societies, and thus checking the growth of the co-operative movement, it is resolved that Central Banks and primary societies with a working capital exceeding Rs. 50,000 should prepare a forecast of their incomings and outgoings at least every quarter, and the Directors or Managing Committees should provide such fluid resources to meet their liabilities as they deem expedient.</p> <p>(2) Societies which cannot raise a fair proportion of their capital locally and must depend on Central Banks for the bulk of their finance, should be required to satisfy the Registrar that their rate is fixed at a level which will prevent them working at a loss.</p>
IV ...	<p>Motion withdrawn.</p> <p>... Motion negatived by a majority.</p>
VI ...	Recorded.
VII ...	<p>The scheme contained in the paper of Mr. N. M. Joshi (Appendix V) was unanimously recommended for adoption subject to the following amendments :—</p> <ol style="list-style-type: none"> (1) Honorary Organisers and other co-operators should have three members on the Board as representatives of primary societies. (2) Trades, the knowledge of which is essential for the development of co-operation, should have one representative on the Board. (3) The Chairman of the Committee should be elected by the Board and need not necessarily be a non-official. (4) The Board should have a Vice-President elected by it and not a Vice-Chairman. (5) Elementary accountancy should be included in item D in the Junior course. (6) For the first three years, the Senior course should be held in Bombay subject to the discretion of the Registrar as regards the holding of the Senior course at other centres. (7) The Junior course should be held at Broach, instead of at Ahmedabad As regards Belgaum, it may be held either at Belgaum or Dharwar at the discretion of the Registrar. As regards Poona, the class may be held at Baramati or Poona at the discretion of the Registrar.
VIII ...	<p>That it is unnecessary to consider the application of Act II of 1912 to Native States, as this is clearly impossible. But on the other hand if Native States wish to adopt an Act in their own territories of the same kind as our Act, there is no reason why they should not do it. It is believed that in the larger States such an Act has been very usually enacted. But any Act of any Legislature can only apply to the territories under the authority of that Legislature.</p> <p>While we recognize that it is desirable to assist Native States and their subjects we think that any particular suggestion should emanate from such States. It is not desirable or possible for us to take the first step. With regard to particular suggestions the following remarks are offered :—</p> <ol style="list-style-type: none"> (1) There is no objection to the Registrar and his Assistants helping societies in Native States as far as they can arrange it without detriment to their own work. But it is not possible to guarantee or promise such help in all cases for these officers have work of their own which is constantly increasing and is already very extensive. (2) There is no objection to inviting the representatives of Native States to common conferences. They may be given any

Item on Agenda.	Resolutions.
	<p>assistance in the way of training and discussion and any other way that may be possible, subject to the condition that this should be done at the expense of the States benefited.</p> <p>(3) That the Central Bank cannot finance societies in Native States by its agreement with the Secretary of State, and that it is not desirable that it should unless the Registrar has complete control over such societies, and this appears impossible to arrange.</p> <p>(4) That other minor facilities should be considered on their merits if and when any State applies for such facilities on behalf of any of its subjects or institutions.</p>
IX	<p>(1) The committee favour the idea of an organization of the nature suggested in the paper (appendix VII). This organisation should have its Head-quarters in Bombay City, but may extend its operations throughout the Presidency.</p> <p>Objects of the Organisation—</p> <p>A.—Co-operative Propaganda,</p> <ol style="list-style-type: none"> (1) A library of Co-operative literature, (2) A Co-operative publication, (3) The organising of Co-operative meetings, lectures, conferences, etc., (4) The training of Co-operative Secretaries and Workers. <p>B.—The promotion of social and educational advancement in co-operative areas.</p> <p>C.—Organising and supervising affiliated societies in Bombay City.</p> <p>D.—Affording advice and guidance in Co-operative matters when requested to do so.</p> <p>Constitution—</p> <p>Societies and individuals may be elected members subject to the payment of such donations or subscriptions as may be prescribed. The Committee of Management should be elected by the general body of members, and the President and the Secretary by the Committee.</p> <p>Finance—</p> <p>Sources—</p> <ol style="list-style-type: none"> (1) Subscriptions of members. (2) Donations, (3) Subventions of Government (as already given for specific objects), and grants by Provincial and District Banks. <p>The difficulty of the scheme lies in the finance. The beginning must be in Bombay. If a substantial fund can be raised in Bombay to start with it will give the scheme a much better chance of success than would otherwise be the case.</p> <p>A small committee should be appointed to draw up a detailed scheme on the above lines.</p> <p>(2) A committee consisting of the following gentlemen was appointed to give effect to the proposals made in the above resolution :—</p> <p>The Registrar of Co-operative Societies, Sir Fazulbhoj Currimbhoy, Honourable Mr. Lalubhai Samaldas, Mr. G. K. Devdhar, Rao Bahádur S. S. Talmaki, Mr. V. L. Mehta of the Bombay Co-operative Central Bank. Dr. Sir Stanley Reed, Mr. R. M. Sane of Barsi, Honorary Organiser, Rao Bahádur Govindbhai Desai of Baroda, representing Native States.</p>
X	<p>... This conference is of opinion that the co-operative movement has now reached a stage in its development when it is necessary to make vigorous efforts to apply the principal of co-operation to distribution and consumption, and to start consumers' societies and co-operative stores at such places as may be found suitable.</p>
XI	<p>(1) Efforts should be made to start one or more separate co-operative credit societies for workmen in each factory.</p> <p>(2) The Registrar may be requested to frame by-laws for such societies and distribute them broadcast among factory-owners and factory workmen.</p>

Item on Agenda.	Resolutions.
	(3) Factory-owners should be induced to afford all facilities in their power to establish such societies.
XII ...	In the opinion of this conference supervising bodies should form an integral part of the constitution of urban Co-operative Societies and the Registrar of Co-operative Societies should be requested to draft by-laws in accordance with the suggestions contained in the paper.
XIII ...	In the opinion of this conference the most promising field of co-operative effort in connection with the supply of milk to towns is the organisation of its collection in villages and distribution in the towns on behalf of either of the consumers or the producers as may be most suitable in each case.
XIV ...	<p>This conference approves as an experimental measure of Sir Vithaldas' proposal to give elementary literary education to members of the Managing Committees of Co-operative Societies, where they are illiterate, and requests the Registrar, in consultation with a committee consisting of :—</p> <p>The Chief of Inchalkarangi, Dr. H. H. Mann, Mr. Marrs, Mr. G. K. Devdhar, Honourable Mr. Lalubhai Samaldas, Sir Vithaldas Thakersey,</p> <p>to take up the work at an early date. This conference desires to express its best thanks to Sir Vithaldas for agreeing to find the money required in the initial stages of this work.</p>
XV ...	Recorded.
XVI ...	Recorded.
XVII ...	Recorded.
XVIII ...	Recorded.
XIX ...	<p>(1) In view of the deficiency of housing accommodation, of the rise in rents, of the many evils from which people in the congested areas of Bombay, and of the probable speedy solution of the housing problem by means of co-operative societies, this conference recommends that Government should specially encourage and support co-operative housing societies and to this end create a housing board to look after co-operative housing questions and to co-ordinate activities and help from different sources.</p> <p>(2) Government may be requested to assist the co-operative housing societies of workmen by extending to them the provisions of the Bombay City Improvement Trust Act which are at present limited only to factory-owners.</p> <p>(3) The Bombay City Improvement Trust may be requested to help co-operative housing societies of workmen by providing them with convenient sites on cheap terms.</p>
XX ...	Recorded.
XXI ...	Recorded.