

# The Bombay Provincial Co-operative Conference, 1923.

## INTRODUCTORY NOTE.

This was the third Conference held under the auspices of the Institute and the 12th in the list of all the Conferences held upto now. It met at Poona in the Council Hall on the 22nd, 23rd and 24th September 1923. His Excellency Sir George Lloyd, Governor of Bombay and President of the Institute, had kindly consented to open the proceedings; but unfortunately being prevented from doing so owing to a serious accident to his eye, the Hon'ble Sir Maurice Hayward, the Vice-President of the Executive Council was deputed to open the proceedings and to read out His Excellency's address to the Conference. The Hon'ble Mr. Chunilal V. Mehta, M. A., LL. B., was elected the Vice-President of the Conference and took the chair at its deliberations during its sittings on the three days.

The attendance at the Conference was satisfactory. About 250 delegates representing all interests and the various kinds of cooperative societies were present. It is gratifying that the Indian States of Hyderabad (Deccan) and Baroda honoured the Conference by sending their respective Registrars of Cooperative Societies to attend it. The Vice-President of the Institute Mr. G. K. Devadhar could not take part in the deliberations owing to a serious attack of illness caused by the strain of hard work in the Malabar districts during the two weeks preceding the Conference.

The subjects placed for discussion before the Conference were of various nature affecting the movement. They were selected by the Provincial Cooperative Conference Committee in consultation with the cooperators in the Presidency.

On the first day, after His Excellency's address to the Conference was delivered, and after the Registrar of Cooperative Societies had addressed the Conference, a report of the action taken on the resolutions of the previous year's Conference was presented by the Honorary Secretary of the Institute. The six Sub-Committees were then elected to consider the subjects placed before the Conference for discussion in the light of the notes received thereon. The draft resolutions framed by these Committees were considered by the Conference on the 2nd and 3rd days of its sittings. Final Resolutions adopted by the Conference are printed as Appendix VIII of this report.

A Conference of the representatives of the District Central Banks was also held in the Council Hall on the 23rd September at 5-30 P. M. under the Chairmanship of the Hon'ble Mr. Lalubhai Samaldas, after the Provincial Conference had risen for the day. This Conference had been convened as usual by the Bombay Provincial Cooperative Bank and discussed questions relating to the finance of the Cooperative Movement in the Presidency. A report of its proceedings is printed as Appendix IX.

The delegates of the Conference were also given the benefit of an Agricultural Exhibition by courtesy of the Director of Agriculture and the Principal of the Agricultural College. The Exhibition was very interesting and educative. A full programme and an account of the Exhibition are given as Appendix XI. of this report. The thanks of the Institute are due to Dr. Harold H. Mann and Principal W. Burns for kindly contributing this function to the programme of the Conference.

On the 2nd day of the Conference, the Hon'ble Mr. Chunilal V. Mehta, the Vice-President, was "At Home" to the delegates at his residence at 8, Queen's Road, Poona, at 4-30 P. M., for which the Institute is highly obliged to him.

Lastly the best thanks of the Institute are due to the members of the Co-operative Department, who helped the Institute during the Conference week, especially to Mr. Otto Rothfeld, the Registrar, Co-operative Societies and his Personal Assistant, Rao Saheb Gunvantrai H. Desai who took a keen personal interest in making all the arrangements at the Conference Hall.

BOMBAY: }  
22nd December, 1923. }

S. S. TALMAKI,  
Honorary Secretary.

**LIST OF DELEGATES AND VISITORS OF THE BOMBAY PROVINCIAL  
CO-OPERATIVE CONFERENCE, 1923, HELD AT POONA ON  
22nd, 23rd & 24th SEPTEMBER, 1923.**

**President.**

His Excellency Sir George Ambrose Lloyd, G.C.I.E., D.S.O., Governor of Bombay.  
(Sir Maurice H. W. Hayward, Vice-President of the Council, *Officiating*.)

**Vice-president.**

The Honourable Mr. Chunilal V. Mehta, M.A., LL.B.

**Visitors (by invitation.)**

The Hon'ble K. B. Shaikh Gulam Husain Hidayatulla, B.A., LL.B., Minister for Local Self-Government.

The Registrar of Co-operative Societies, H. E. H. the Nizam's Dominions.

The Registrar of Co-operative Societies, Baroda State.

Raje Shambhusing Amarsing Jadhavray of Malegaon.

The Hon'ble Mr. Phiroze C. Sethna, Bombay.

Mr. Balkrishna S. Kamat, M.L.A., Poona.

Rao Bahadur S. D. Garud M.L.C., Dhulia.

Prof. B. K. Thakore B.A., Poona.

The State Karbhari of Phaltan State, District Satara.

Mr. Veerappa P. Chavadi, Manager, Gadag Branch of the Karnatak Central Bank.

Dr. V. M. Bakre, Director of Belgaum District Central Bank.

Mr. D. Y. Bhonsle, Chairman, Kolhapur Urban Co-operative Credit Society.

**Members of the Provincial Co-operative Conference Committee.**

Mr. G. K. Devadhar M.A. Vice-President, Bombay Central Co-operative Institute.

Mr. Otto Rothfeld, B.A., I.C.S., Registrar, Co-operative Societies.

Dr. Harold H. Mann, D. Sc., Director of Agriculture.

Rao Bahadur S. S. Talmaki, Honorary Secretary, Bombay Central Co-operative Institute.

Mr. Vaikunth L. Mehta, B.A., Managing Director, Bombay Provincial Co-operative Bank.

Mr. S. K. Bole, M.L.C., J.P., Bombay.

Mr. P. S. Ramarao, M.A., Assistant Registrar C.S., B.D.

Mr. S. N. Karnad B.A., LL.B., Bandra.

Professor H. L. Kaji, M.A., B.Sc., Bombay.

Mr. A. P. Moula, B.A., LL.B., Broach.

Mr. A. V. Patwardhan, B.A., Poona.

Mr. F. T. Nalavadi, Dharwar.

**Delegates Nominated by the Registrar, Co-operative Societies, Bombay  
Presidency.**

*Officials.*

Mr. V. S. Bhide, I.C.S., Personal Assistant to the Collector of Thana.

Mr. E. S. Farbrother, M.R.C.V.S., I.V.S., Superintendent, C. V. D., Poona.

Dr. Harold H. Mann, D.Sc. Director of Agriculture, Poona.

Mr. P. C. Patil, L.Ag., M.Sc. Dy. Director of Agriculture, C. D., Poona.

Mr. S. S. Salimath, B.Ag., Dy. Director of Agriculture, S. D., Dharwar.

Mr. B. S. Patel, Professor of Agriculture, Agricultural College, Poona.

Dr. William Burns, D.Sc., Principal, College of Agriculture, Poona.

Mr. F. G. H. Anderson, M.A., I.C.S., Settlement Commissioner, Poona.

Mr. C. G. Marathe, B.A., Dist. Dy. Collector, Ahmednagar.

Mr. G. W. Hatch, I.C.S., M.L.C., Commissioner, C. D., Poona.

Mr. A. O. Koreishi, M.A., I.C.S., Collector of West Khandesh, Dhulia.

Mr. A. W. W. Mackie, I.C.S., Collector, Poona.

Mr. M. D. Bhat, I.C.S., Assistant Collector, Ahmedabad.  
 Mr. C. Saldhana, Manager, Dead-letter Office, Bombay.  
 Mr. V. B. Mardhekar, M.A., Superintendent of Land Records, C. D. Poona.  
 Rao Saheb Bhimbhai Desai, Dy. Director of Agriculture, N. D., Surat.  
 Mr. W. J. Jenkins, M.A., B.Sc., Dy. Director of Agriculture, K. D., Nasik.  
 Mr. B. S. Shirolkar, B.A., Mamlatdar of Shindgi, Dist. Bijapur.  
 Mr. V. H. Naik, B.A., Bar-at-Law, Dist. Dy. Collector, Dharwar.  
 Mr. G. L. Gajendragadkar, M.B.E., B.A., Dist. Dy. Collector, Dharwar.  
 Mr. C. B. Holi, B.A., Asst. Registrar, C.S., S.D., Dharwar.  
 Mr. D. A. Shah, M.A., LL.B., Asst. Registrar, C. S., N. D., Surat.  
 Mr. P. S. Ramarao, M.A., Asst. Registrar, C.S., B.D., Bombay.  
 Mr. A. C. Desai, L.Ag., M.A., Asst. Registrar, C.S., K.D., Nasik.  
 Khan Bahadur Azim Khan, Asst. Registrar, C.S., Sind.  
 Mr. K. D. Sethna, G.D.A., Special Auditor, C.S., Bombay.

*Non-officials.*

Mr. S. Y. Sontakke, Hon. Organiser, Bodwad, Dist. E. Khandesh.  
 Rev. R. S. Modak, Ahmednagar.  
 Dr. B. V. Raykar, F.S.Sc. (Lon.), Hon. Organiser, Bombay City.  
 Mr. P. R. Chikodi, M.L.C., Belgaum.  
 Mr. G. A. D. Wasif, D.H.O., Malegaon.  
 Mr. R. M. Sane, Barsi.  
 Mr. Abdul H. I. Bhagat, D.H.O., Godhra.  
 Mr. B. V. Jadhav, M.A., LL.B., M.L.C., Satara.  
 Mr. Pranvallahdas H. Banatwala, D.H.O., Jambusar.  
 Mr. V. S. Trivedi, B.A., Ahmedabad Branch of the Bombay Central Co-op. Institute.  
 Mr. V. V. Athalye, D. H. O. Shiposi, District Ratnagiri.  
 Mr. R. B. Dalvi, Pleader, Alibag.  
 Mr. N. Y. Mirikar, D.H.O., Miri, District Ahmednagar.  
 Mr. S. M. Mali, Chairman of the Bail-Hongal Cotton Sale Society.  
 Mr. M. M. Basrur, B.Ag., Karnatak Branch of the Bombay Central Co-operative Institute.  
 Rao Bahadur Pritamdas, Sind Branch of the Bombay Central Co-operative Institute.

**Delegates Elected by the Bombay Central Co-operative Institute and its Branches.**

*Head Office of the Institute.*

Principal M. L. Tannan, B. Com. Bar-at-law, Bombay.  
 Prof. R. M. Joshi, M.A. LL.B., B.Sc., Bombay.  
 Rao Bahadur A. U. Malji, Broach.  
 Mr. P. K. Jambhekar, Bombay 4.  
 Mr. L. S. Potnis, B.A., Dadar, Bombay.  
 Rao Bahadur R. G. Naik, Belgaum.  
 Mr. R. N. Rajadnya, Satara.  
 Mr. K. R. Kulkarni, Gadag.  
 Mr. K. B. Bhadrapur, M.A., Dy. Collector, Dhulia.  
 Mr. Chintaman Sakharam Dcole, B.A., Servants of India Society, Bombay.

*Divisional Branches.*

Bombay Branch,	Mr. N. S. Kaushik, B.A. Bombay.
Gujrat "	Mr. J. C. Nanavati, B. Com. Bombay.
Maharashtra "	Mr. Ambalal Pranlal Moula, Broach.
	Mr. Manilal Navnitlal Chokshi, Broach.
	Rao Bahadur G. V. Joglekar, Poona.
	Rao Saheb G. G. Kale, Hadapsar, Dist. Poona.
	Mr. K. H. Gokhale, Poona City.
Karnatak "	Mr. N. N. Sathe, Poona City.
	Mr. K. B. Ankalgi, Pleader, Dharwar.
Sind "	Mr. G. K. Patil, Hulkoti, Dist. Dharwar.
	Mr. Jamshed N. R. Mehta, Karachi.
	Rao Bahadur Pritamdas H. S., Hyderabad.

*Sub-Branches.*

Sholapur Dist. Branch.	Wasudevrao Vinayak Kaulgekar, Sholapur.
East Khandesh Dist. Branch.	Mr. B. P. Wagholkar, L.Ag., Jalgaon.
Ahmednagar Dist. Branch.	Mr. S. V. Shikarkhane, Ahmednagar.
Nasik Dist. Branch.	Mr. N. V. Bhagwat, Nasik.
Ahmedabad City Branch.	Mr. Nandlal Bhogilal Desai, Ahmedabad.
Dohad Sub-Branch.	Mr. Amritlal V. Thakkar, Dohad.
Jambusar Sub-Branch.	Jivanlal Mathuradas, Jambusar.
Parel Sub-Branch.	Mr. B. R. Jadhav, Parel, Bombay.

**Delegates of the Bombay Provincial Co-operative Bank.**

The Hon'ble Mr. Lalubhai Samaldas, C.I.E.  
 Mr. B. F. Madon.  
 Mr. Madhowjee D. Thackersey.  
 Mr. R. W. Patwardhan, (Special Mamlatdar.)  
 Mr. R. N. Mehta.  
 Mr. L. K. Bhagwat.  
 Mr. C. N. Sahasrabudhe.

**Delegates of District Central Banks.**

Kaira District Central Co-operative Bank, Limited.	Rao Saheb Dadubhai P. Desai, Nadiad. Mr. Prabhudas Haridas Desai, Nadiad. Mr. Trikamlal S. Parikh, Nadiad.
Broach District Central Co-operative Bank, Limited.	Mr. Harilal Govandas Jhaveri, Broach. Mr. Krishnarao Gajanan Palkar, Broach. Mr. Yeshwantram Rajaram Joshi, Sajod.
Surat District Co-operative Bank, Limited.	Rao Bahadur Bhimbhai R. Naik, Surat. Mr. Bhagwandas B. Shroff, D. H. O., Surat. Mr. Nanabhai Lalbhai Vakil, Surat.
Thana District Central Co-operative Bank, Limited.	Mr. Krishnaji Moreshvar Musale, Gholvad.
Ahmednagar District Central Co-operative Bank, Limited.	Rao Bahadur G. K. Chitale, Ahmednagar. Mr. Hari Keshav Patwardhan, B.A., LL.B., Ahmednagar. Mr. Mahadeo Yadneshwar Joshi, Ahmednagar.
East Khandesh Central Co-operative Bank, Limited.	Mr. B. D. Annegerikar, Jalgaon. Mr. M. C. Kelkar, Jalgaon. Mr. H. V. Damle, Jalgaon.
Nasik District Central Co-operative Bank, Limited.	Rao Bahadur V. A. Gupte, Nasik. Mr. R. G. Pradhan, B.A., LL.B., Pleader, Nasik. Mr. Fattechand Chunilal, Nasik.
Poona District Central Co-operative Bank, Limited.	Mr. N. C. Kelkar B.A., LL.B., Poona City. Mr. D. V. Sohoni, B.A., LL.B., Poona City. Mr. V. N. Kadhe, Chakan, District Poona.
Barsi Central Co-operative Bank, Limited.	Mr. R. M. Sane, Pleader, Barsi. Mr. Bhagwant Pandharinath Sulakhe, B.A., LL.B., Barsi. Mr. Bhagwant Balkrishna Vaidya, Pleader, Barsi.
Sholapur District Central Co-operative Bank, Limited.	Mr. Mahadeo Raghunath Godbole, Arjunsonde. Mr. Annarao Shivgouda Patil, Sholapur. Mr. Sutlanrao Janojirao Deshmukh, Sholapur.
Belgaum District Central Bank, Limited.	Mr. V. R. Shedbal, Belgaum. Mr. M. S. Patil, B.A., LL.B., Hukeri. Mr. R. K. Joglekar, Belgaum.
Karnatak Co-operative Central Bank, Limited.	Dewan Bahadur S. V. Mensinkai, Dharwar. Mr. S. S. Basvanal, M.A., Dharwar. Mr. S. K. Hosmani, B.A., LL.B., Haveri.



Kanara District Central Co-operative Bank, Limited.	Mr. S. P. Pandit, B.A., LL.B., Sirsi. Mr. P. F. X. Fernandez, Merchant, Sirsi. Mr. C. M. Hemshetti, Landlord, Sirsi.
Hyderabad District Central Co-operative Bank, Limited.	Mr. Kevalram Dayaram Shahani, Hyderabad. Rao Bahadur Pritamdas H. S., Hyderabad.
Sind Central Co-operative Bank, Limited.	Mr. Jamshed N. R. Mehta, Karachi. Mr. Naraindas A. Bechar, Karachi. Mr. N. D. Mallik, Karachi.

### Delegates of Primary Societies with a working capital of over one lakh.

The Bombay Postal Employees' Co-operative Credit Society.	Mr. P. G. Rogers, I.C.S., Postmaster General.
G. I. P. Railway Employees' Co-operative Credit Society.	Mr. Jal Mancherjee.
B. B. & C. I. Railway Employees' Co-operative Credit Society.	Mr. M. V. Parekh.
Shamrao Vithal Urban Co-operative Credit Society.	Mr. D. V. Nadkarni.
The Bombay Namdeo Co-operative Agency.	Mr. Murlidhar L. Avasare.
The Gowd Saraswat Brahmin Co-operative Housing Society.	Mr. J. K. Parulkar, J. P.
The Daxini Brahmin Co-operative Housing Society.	Dr. T. D. Velankar, B.Sc., L.M.S.
The Parsee Central Association Co-operative Society.	Mr. M. E. Joshi, L.C.E.
The Kanara Gowd Saraswat Co-operative Housing Society.	Mr. V. D. Majumdar, M.A.
Hadapsar Co-operative Credit Society.	Mr. G. V. Satar, Hadapsar, District Poona.
Poona Namdeo Co-operative Bank.	Rao Saheb Anantrao Dhondiba Mandhare, Poona City.
Government Servants' C. C. S. Jalgaon.	Mr. Krishnaji N. Naik, Jalgaon.
Dhulia Urban Co-operative Bank, Limited.	Mr. Raghunath Balkrishna Wadekar, B.A., LL.B., Pleader, Dhulia.
Dharwar Saraswat Co-operative Housing Society.	Mr. G. P. Murdeshwar, B.A., LL.B., Bombay.
Sirsi Urban Co-operative Bank, Limited.	Mr. Sheshgiri Narayan Keshwain, Sirsi.
Hubli Urban Co-operative Bank.	Rao Saheb K. R. Valvekar, Hubli.
Belgaum Pioneer U. C. C. Bank.	Mr. B. B. Potdar, Belgaum.
Dharwar Urban Co-operative Bank.	Mr. M. B. Jakati, B.A., LL.B., Dharwar.
Southern Mahratta Co-operative Society, Dharwar.	Mr. V. N. Jog, B.A., LL.B., Dharwar.
Khanapur Urban Co-operative Bank.	Mr. Vishnu S. Phadnis, Khanapur.
Raddi Communal Co-operative Credit Society.	Mr. Ramangouda Kagadal, B.A., Dharwar.

### Delegates of Resource Societies.

#### *Bombay Division.*

Mr. N. M. Joshi, Sandhurst Road, Bombay.
Mr. S. B. Kulkarni, Lower Parel, Bombay.
Mr. G. N. Sahasrabudhe, Parel, Bombay No. 12.
Mr. S. A. Gaokar, Lower Parel, Bombay.
Mr. M. K. Palav, Parel, Bombay.
Mr. N. S. Varadkar, Lower Parel, Bombay.
Mr. K. V. Deodhar, C/o Tata Workmens' Institute, Kurla.

**Maharashtra Division.***Poona District.*

Haveli.	Mr. D. L. Sahasrabudhe, Poona City.
Sirur.	Mr. Dagadu Tukaram Mali, Nanded, Dist. Poona.
Bhimthadi.	Mr. Jayawant Keshavrao Tavare, Shirasgaon Katol.
Indapur,	Mr. Yeswantrao Bhaw Patil, Nira Wagaj.
Khed.	Mr. Nanu Ganu Atole, Khandaj.
Purandar.	Mr. Gopalrao Patil, Bavade.
	Mr. Daji Baji Kannava, Ghode.
	Mr. Martandrao Ramji Rasker, Khalad.

*Satara District.*

Walva.	Mr. Hari Appaji Sathe, Kapuskhed.
	Mr. Yeshwant Balwant Patil, H. O. Peth.
	Mr. Balaji Jaguji Patil, Karanjavde.
Karad.	Mr. Pandurang Keshav Shiralkar, Karad.
Satara.	Mr. Balwant Ramchandra Joglickar, Satara.

*Ahmednagar District.*

Kopergaon.	Mr. Ganpatsing Raojising Patil, Pimpalas.
Nagar.	Mr. R. B. Hivargaonkar, Ahmednagar.
Sheogaon.	Mr. D. N. Deshmukh, Pathardi.

*Sholapur District.*

Barsi.	Mr. Vinayak Dattatraya Dharmadhikari, Barsi.
Malshiras.	Mr. Trimbak Gopal Joshi, Akluj.
Madha.	Mr. Shridhar Ramchandra Kulkarni, Vakil, Madha.
	Mr. Yeshwant Narayan Kakde, Madha.
Karmala.	Mr. Bapuji Keshav Rashinkar, Tembhurni.
Sangola and Pandharpur.	Mr. Narhar Pandurang Surnis, Pandharpur.

*Nasik District.*

Malegaon.	Mr. Shankar Ananda Pawar, Soundane.
Sinnar.	Mr. Balaji Daji Dabke, Pleader, Sinnar.
Niphad.	Mr. Ranganath Balwant Khot, Vinchur.
Igatpuri.	Mr. S. V. Udipikar, Igatpuri.
Baglan.	Mr. Ranganath Govind Sahasrabudhe, Jayakhede.
	Mr. Shankar Narhar Kulkarni, Munjwad.

*East Khandesh District.*

Pachora.	Mr. Abdul Razak Abdul Gani Deshmukh, Pachora.
	Mr. Mohansing Dhonsing Patil, Galan Bk.
	Mr. Keshav Balkrishna Kulkarni, Pachora.
Parola.	Mr. Daga Fakira Mitre Patil, Dholi.
	Mr. Shripat Dagdu Patil, Kanheri.
Jamner.	Mr. Gangadhar Yadneshwar Dixit, Shendurni.
Edalabad.	Mr. Shivram Gangadhar Salburdikar, Salburdi.
Erandol.	Mr. Shripatram Bhauram Patil, Adgaon.
	Mr. Tukaram Govind Mali, Adgaon.
Bhusaval.	Mr. Ganpat Ramji Patil, Bodwad.
Raver.	Mr. Dhondu Mahipati Nagle, Nimbhore.
Amalner.	Mr. Chintaman Ganpat Patil, Ardi.
Chalisgaon.	Mr. Vinayak Narayan Ghate, Pleader, Chalisgaon.

*West Khandesh District.*

Shindkheda.	Mr. Khumansing Badalsing Girashe, Nimgul.
	Mr. Gulabsing Bhila Takarkhedekar, Takarkhede.
Dhulia.	Mr. Pundlik Madhavrao Patil, Kapadne.
Shahada.	Mr. Badalsing Ramsing, Dongargaon.
Sakri.	Mr. Atmaram Pundlik Kulkarni, Dighave.

**Konkan Division.***Ratnagiri District.*

Khed, Chiplun and Sangameshwar.	Mr. Vishnu Vasudeo Athalye, Shiposi.
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**Gujrat Division.***Ahmedabad District.*

North Daskroi Taluka.	Mr. Desaibhai Shankerbhai Patel, Jameitpur.
Dholka, Ghogha, Prantij, Dhan- duka and Modasa Talukas.	Rev. Ramsing Kahandas, Wallacepur.

*Kaira District.*

Matar Taluka.	Mr. Motibhai Dwarkadas, Traj.
	Mr. Naranbhai Khodabhai, Machhiel.
Nadiad and Kapadvanj Talukas.	Mr. P. B. Pendse, Nadiad.
Mehamadabad, Thasra, Anand and Borsad Talukas.	Mr. Motibhai Narsibhai Amin, Curator, Central Library, Baroda.
	Mr. Lakhabhai Parsotam, Malu.

*Panch Mahals District.*

Godhra, Kalol and Halol Talukas.	Rao Saheb Manvantrai Jadurai Desai, Kalol.
	Mr. Himatlal Maneklal Desai, Kalol.

*Broach District.*

Broach Taluka.	Mr. Kalidas Damodardas Khadhia, Broach.
	Mr. Narotamdas Tribhovandas Surti, Broach.
Ankleshwar and Hansot Talukas.	Mr. Thakorlal Harkisandas Mehta, Ankleswar.
	Mr. Hiralal Ratanram Thanaki, Ankleswar.
Wagra Taluka.	Mr. Musebhai Hassan Valli, Samni.
	Mr. Motibhai Dwarkadas, Wagra.
Jambusar Taluka.	Mr. Dahyabhai Kilabhai, Jambusar.
	Mr. Sayedmiya Hussenmiya, Jambusar.

*Surat District.*

Olpad Taluka.	Mr. Parashotam Itcharam Patel, Sonsek.
	Mr. Jerambhai Parbhubhai, Kareli.
	Mr. Lalbhai Gordhandas Modi, Surat.
Chikhli, Bulsar and Pardi Talukas.	Mr. Ramshanker Jayanand, Pardi.
	Mr. Maganlal Rachhodji, Degam.

**Karnatak Division.***Dharwar District.*

Dharwar Taluka Group.	Shrimant Pampappa B. Desai, Aminbhavi.
	Mr. Chidambarrao Deshpande, Tadkod.
Hubli Taluka.	Mr. T. T. Mudiraddi, Hebsur.
	Mr. Kallapa Roogi, Byahatti.

Gadag Taluka.	Mr. M. D. Turkani, Gadag. Mr. M. V. Koti, Gadag. Mr. S. M. Wadyarmath, Gadag. Mr. Basangaoda Patil, Harti.
Karjagi Taluka.	Rao Bahadur Chanbasappa Shettar, Devihosur. Mr. S. K. Hosmani, B.A., LL.B. Mr. Basappa Chekki, Pleader, Haveri.
Ranebinnur Taluka.	Mr. Channappa Makannur, Ranebinnur. Mr. P. K. Wadyar, Chavadadanpur.
Navalgund Taluka.	Mr. Shivappa Channappa Balloli, Annigeri. Khan Saheb M. G. Khudavand, Navalgund. Mr. Abdul Sattar Kaji, Annigeri.
Bankapur Taluka.	Mr. Basappa Fakirappa Kallannavar, Nalavdi.
Ron Taluka.	Mr. Tetappa Ayappa Kadgad, Jakkali.
Hangal Taluka.	Mr. Rango Kulkarni, Yadagal. Mr. C. G. Shetter, Hanagal.

*Belgaum District.*

Chikodi Taluka.	Mr. Amiruddin Saheb, Hattarvad. Mr. Laxmanrao Kedarba Patil, Kenur.
Gokak Taluka.	Mr. Paramshetti K. Patil, Gokak. Mr. Gurlingappa Godgeri, Gokak.
Parasgad Taluka.	Mr. Basappa Shiggali, Sirsangi.
Other Talukas.	Mr. M. S. Patil, B.A., LL.B., Gokak. Mr. G. N. Shiddhanti, Adarkod, Tal. Chikodi.

*Bijapur District.*

Hungund Taluka.	Mr. H. G. Patil, H. O. Sulebhavi. Mr. Chattansa Rajansa Patil
Other Talukas.	Rao Saheb Shivaling Rao Deshmukh, Almel. Mr. P. A. Desai, Bijapur. Mr. Shivashankar Rao Chittargi, Bagalkot.

*Karwar District.*

Other Talukas.	Mr. Bhaskar Rao Mujumdar, Ankola. Mr. Shankar Rao A. Nadkarni, Ankola. Mr. Vishwanath M. Nadkarni, Ankola.
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**Sind Division.***Hyderabad District.*

Hyderabad and Guni Talukas	Rao Bahadur Pritamdas H. S., Hyderabad.
Group.	Mr. Kishinchand Amarsing, Hyderabad.
Hala Taluka Group.	Akhund Atta Mohamed S/O. Akhund Lutifali Matiari.

*Nawabshah District.*

Sakrand Shahdadpur and Nawabshah Group.	Mr. Kazi Abdul Kavi C/O. Kazi Mohamed Laik, Nawabshah.
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*Karachi District.*

Karachi District Group.	Mr. Mian Allah Dino, Daro, Tal-Mirpur (Sind).
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*Sukkur District.*

Mirpur Mathelo, Pano Akhil and Ubauro Group.	Khan Saheb Sardar Kaiser Khan Bazdar, Garli Chakar, Post Mirpur-Mathelo.
Sukkur Group.	R. S. Abdul Hamid Khan, Old Sukkur.

*Larkhana District.*

Larkhana Group.	Wadero Ali Hassan Hakro, Kamber.
Mirokhan Group.	Mr. Sirai Abdul Haq B. Gutto, Village Arzi, Harkro.
Johi Group.	Wadero Mohamed Sidik Khan, Post Wagun.

*Thar and Parkar District.*

Jamesabad Group.	Mr. Syed Nurshah, H. O. Village Shershah.
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**Delegates of Consumers' Societies.**

Maharashtra Division.	Mr. Anant Ganesh Mandhare, Poona.
	Mr. Hari Appaji Sathe, Kapuskhed, District Satara.

**Delegates of Housing Societies.**

Maharashtra Division.	Mr. Shankar Ramchandra Bhagwat, L.C.E., Chief Officer, Poona Municipality.
Gujarat Division.	Mr. Sakarlal Dayabhai Desai, Navchoki, Broach.

**Delegates of Producers' Societies.**

Bombay.	Mr. V. N. Vedak, High Court Vakil, Dadar, Bombay.
Karnatak Division, Weavers' Societies.	Dr. C. J. Prabhakar, L. M. & S., Hubli, District Dharwar.
	Mr. S. V. Halkatti, Dharwar.
Karnatak Division, other Societies.	Mr. Shiddangavda B. Patil, Hulkoti, Tal Gadag.

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# THE BOMBAY PROVINCIAL CO-OPERATIVE CONFERENCE.

TO BE HELD IN THE COUNCIL HALL, POONA.

On September 22nd, 23rd and 24th, 1923.

*President* :—His Excellency the Governor of Bombay.

*Vice-President* :—The Honourable Mr. Chunilal V. Mehta, M.A., LL.B.

## PROGRAMME

**First Day :—22nd September 1923.**

(A) 11-30 A.M. to 1-30 P.M.

*(Members are requested to be present at 11 a.m.)*

1. Opening Address—His Excellency the Governor.
2. The work of the Institute and its Development—Mr. G. K. Deodhar, M.A. Vice-President of the Institute.
3. Report of the Action taken on the resolutions of the previous conference.
4. Appointment of the following six Sub-Committees to consider the subjects mentioned against their names.
5. Votes of thanks to H. E. the Governor.

(B) 2-30 P.M. to 6-30 P.M.

Sitting of the Sub-Committees.

## SUB-COMMITTEES.

Note :—The subjects mentioned below refer to the printed list of the subjects already circulated with the Conference Circular No. II. The names of the Sub-Committee members will be posted in the Council Hall.

1. Problems relating to the Resource Movement.  
(1) Primary Societies; (2) Central Agencies for finance; (3) General Aspects.
2. Problems relating to Agricultural Non-Credit Co-operation.
3. Problems relating to Producers' Movement.
4. Problems relating to Consumers' Movement and Housing.
5. Problems relating to Policy and Propaganda with reference to (1) Development of Institute's work.
6. Problems relating to Policy and Propaganda with reference to (2) Administration.

**Second Day :—Sunday 23rd September 1923.**

11 a. m. to 4 p. m.

Consideration of the Reports and Resolutions of the Sub-Committees.

**Third Day :—Monday 24th September 1923.**

11 a. m. to 1 p. m.

Consideration of the Reports and Resolutions of the Sub-Committees, if left over on the previous day.

S. S. TALMAKI,

*Honorary Secretary.*

Bombay, 18th September 1923.

## Supplementary Programme.

### Sunday, 23rd September 1923.

8 A. M. Foundation Stone Ceremony of the Poona District Central Co-operative Bank on Luxmi Road, Budhwar Peth.

4-30 P. M. The Honourable Mr. Chunilal V. Mehta will be "At Home" to the delegates.

5-30 P. M. Conference of the Representatives of the District Central Banks.

### Monday, 24th September 1923.

7-30 A. M. to 10-30 A. M. Agricultural Demonstration at the Agricultural College, Poona.

A meeting of the Representatives of the Provincial Bank, and of the Institute and the Registrar to consider the subject regarding the loan for the proposed Institute Building.

Consideration of steps to be taken in connection with the Co-operative and Social Welfare Exhibition to be held in Ghent in June 1924.

Consideration of the steps for the collection of the Sir Vithaldas Memorial Building Fund.

*After 1 P. M.*

Consideration of the steps for the spread of the Night Schools Movement.

Meeting of the members of the Standing Committee of the Institute and of the Managing Committees of the Branches to discuss the following points :—

- (i) Programmes of work of the Branches.
- (ii) Economic enquiry to be held by each Branch.
- (iii) Monthly Statements and Quarterly Reports.
- (iv) Increase of income of the Institute.
- (v) District and Taluka Branches.

**PROCEEDINGS**  
OF THE  
**Bombay Provincial Co-operative Conference, 1923.**  
**HELD AT COUNCIL HALL, POONA,**  
**on 22nd, 23rd, and 24th September, 1923.**

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**First day, Saturday, 22nd September, 1923.**

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His Excellency, Sir George Lloyd, the President of the Conference, having been prevented by an accident to his eye from being personally present, the Hon'ble Sir Maurice H. W. Hayward, Vice-President of the Council was deputed to open the Proceedings of the Conference. The Hon'ble Sir Maurice Hayward arrived at the Council Hall at 11-30 a. m., and was received at the entrance by the following gentlemen:—

The Hon'ble Mr. C. V. Mehta, M.A., LL.B., Vice-President of the Conference.

Mr. Otto Rothfeld, I.C.S., Registrar, Co-operative Societies.

Rao Bahadur S. S. Talmaki, Honorary Secretary, Bombay Central Co-operative Institute.

Rao Bahadur A. U. Malji, President, Gujrat Branch of the Bombay Central Co-operative Institute, and Divisional Honorary Organiser, N. D.

Mr. B. F. Madon, Director, Bombay Provincial Co-operative Bank.

Raje Shambhusing Amarsing Jadhavrao of Malegaon, Director, Bombay Provincial Co-operative Bank.

Rao Saheb Gunvantrai H. Desai, Personal Assistant to the Registrar, C. S.

After shaking hands with these gentlemen, the Hon'ble Sir Maurice Hayward proceeded to his seat and opened the proceedings.



The Honourable Sir Maurice Hayward, in opening the proceedings of the Conference said:—

Gentlemen, I am desired by His Excellency the Governor to express to you his extreme regret at having been prevented by an unfortunate accident from presiding personally at your meeting to-day and from opening your deliberations. His Excellency has requested me to read to you the following speech which he would have made himself, had he not been unavoidably prevented from being present in person:—

### **His Excellency the Governor's Speech.**

"During the whole period of my tenure of the office of Governor, I have never failed to appreciate to the full the important work that was being done by the co-operators of this Presidency, nor to take the deepest interest in the progressive successes of the movement. I have never concealed my belief that the best hopes of the movement lay in the self-reliance of its members, and that the part of Government lay not so much in active and perhaps embarrassing guidance and intervention as in a watchful readiness to advise and to assist when needed. But this watchfulness has never slackened, and I believe most of the gentlemen in this hall will concur that when assistance or advice was required, it was always forthcoming, and that it was given in a spirit of sympathetic consideration and consistent encouragement.

"In reviewing the work of the Co-operative Movement in this Presidency, we may, I think, claim without implying any inappropriate criticism that, judged either by figures or by what we know of the independence and self-government of the movement in the different regions of this continent, the Bombay Presidency may now fairly be said to lead the way. Whether one looks to the membership in relation to the population, or indeed absolutely without reference to population, or whether one regards the working capital employed within the movement and the development of banking methods and the use of deposit banking, it is clear that this Presidency has nothing to fear from comparison with any other part of India. On the other hand, it has everything to gain if one compares the numbers of officials employed within the department in various Provinces; or, as its obverse, the control enjoyed by non-official co-operators. In the Provinces, which are most suitable for comparison, one finds between 250 and 300 officials working under the Registrar for the purposes of inspection, control or supervision; in this Presidency the total number of officials for a larger number of members is only slightly over 50. Both for actual detailed work in the field and for the control of policy, the co-operative movement here depends in the main, as it rightly should, upon the voluntary work and public spirit of non-officials. Even on a comparison of mere figures with those obtaining in this Presidency five years ago, the progress made goes beyond any standard that could have been anticipated. In 1918 there were 1,650 societies with 156,000 members and a working capital of Rs. 1,62,00,000. This year the number was 3,533 societies with a membership of nearly 336,000 and a working capital of Rs. 5,33,00,000. In other words, both the numbers of societies and of members have more than doubled, while the working capital has considerably more than trebled in that period. It is also undoubtedly the case that had it been desired only to show higher figures and to test the progress of the movement by quantity rather than by quality, these numbers might have been considerably increased. But it was felt, and rightly felt, that it was more important to consolidate than to expand in the present situation of the movement and in relation to the circumstances both of recent seasons and of the money market. Safety and soundness have been felt by co-operators in this Presidency to be the first necessity. With the progress now made in developing the work of the Institute, and possibly with further assistance that my Government may upon consideration be able to give that body, I trust that the normal expansion of the movement will continue, while keeping in view also the paramount importance of soundness and consolidation.

"In the particular sphere of co-operative banking, at any rate, progress has been continuous and unchecked. In 1918 there were 10 central banks with a share capital of Rs. 979,000, and a working capital of Rs. 42½ lakhs. This year there are 20 central banks instead of 10, with a share capital of Rs. 20 lakhs and a working capital of over Rs. 1,69,00,000. The number of central banks has doubled, the share capital has

more than doubled, the working capital is more than four times what it was, while the deposits are actually 5 times as much as they were five years ago.

"For urban banks as such, no figures are available until 1920. Until that year they had not been recognised as belonging to a separate category by my Government or specially classed as banks rather than societies. In 1920, however, there were 18 such institutions with a share capital of Rs. 11½ lakhs, deposits of Rs. 38 lakhs, and a working capital of Rs. 53 lakhs. This year there were 31 institutions of this useful kind with a share capital of Rs. 18½ lakhs, deposits of Rs. 88½ lakhs, and a working capital of Rs. 112½ lakhs. These are figures which speak of a fine response to the remarks which, on the last two occasions that I addressed you, I specially directed to the importance of increasing banking facilities in this country. I am happy to find from the Registrar's report for the last year that the advice I then gave has not fallen upon barren ground, and that the co-operators of the Presidency have made redoubled efforts to organise banks of this model and to bring them into efficient working order. The results achieved are extremely gratifying, though the ideal of having one such bank per taluka is not yet realised. I trust that the importance of a successful and sound development of co-operative banking will never be lost sight of in this Presidency, and that I may hear in future years of a further growth of this branch of the Co-operative Movement, in which I may claim to have taken particular interest, and of successful results mirrored in the prosperity of the Presidency. I find the development of District Central Banks no less gratifying, though one cannot help regretting that there appear to be a few districts left in the Presidency where the initiation of central banks of this kind seems for the present to be impossible. The fact that my Government has provided by legislation for the banking business of district local boards being done when desired by co-operative central banks, should prove an additional stimulus to these institutions and will lead, I hope, in the near future to the further opening of banks or branches, that will be required to cope with this new class of business.

"The Provincial Bank is the institution on which the financial security of the movement in the last resort must repose, and I notice with every pleasure and satisfaction its continued soundness of management, its ability in direction, and its expansion on the material as well as on the moral side. I am glad to hear that it has decided to issue another Rs. 3 lakhs of share capital, and I trust to hear that it has been fully subscribed, mainly I hope by district banks and co-operative societies, in the very near future.

"I associate myself fully with the regrets that have been expressed on all sides at the sad death of its late Chairman, Sir Vithaldas Thackersey, who did so much by example and practical work for the cooperative movement in this Presidency. I congratulate the bank and the co-operators of the Presidency as a whole on finding in the Honorable Mr. Lalubhai Samaldas such an able successor to Sir Vithaldas Thackersey in the chairmanship.

"Before I leave the subject of co-operative banking, I should like to invite the attention of co-operators to a new departure, which, with my concurrence and encouragement, was inaugurated by the Registrar and by his non-official helpers three years ago. I mean the inception of cheque and discount business within the co-operative movement. In 1920 I said that your Registrar was already making considerable efforts to introduce the cheque system and the use of discounts in all the existing larger urban societies, and I believed that he was finding a very satisfactory response to his appeal amongst co-operators. In 1921 I was pleased to be able to say that the suggestion which I had thrown out in the previous year had been freely followed and that the business had already achieved considerable proportions. I then found that the turnover by cheques or bills of exchange had already exceeded Rs. 53 lakhs, and it seemed that such figures gave every promise for a vast extension in the future. From this year's annual report, gentlemen, you will see that the total of co-operative cheques drawn this year amounted to 23,000, to an aggregate value of Rs. 6½ crores: that in addition to Central and Urban banks some 150 primary societies have been reported as having cheque transactions: and that the Urban Banks alone drew or cashed 5,300 cheques to an aggregate value of Rs. 1 crore. In addition, transactions are reported in bills of exchange amounting to another 14,000 for amounts aggregating Rs. 1,81,00,000. These are figures of the utmost consequence, and I think I

can safely assure you that if the use of cheques be extended in anything like the same proportion, you will in the near future have added to an immense degree to the circulating and useful wealth of your Presidency and thereby to its permanent stability and prosperity.

"I have on previous occasions also emphasized the urgent need for agricultural co-operation of spreading in directions other than the mere provision of credit to the cultivator. The cultivator's well-being depends on other factors as well as easy finance. He must be enabled to add to the productivity of his land by permanent improvements, and he must be assured by co-operative sale of obtaining his fair share in the price of his produce. I trust that with the arrangements now made to co-ordinate the Agricultural and the Co-operative Departments, and the policy laid before the Agricultural Department and followed by its Director of spreading the knowledge and practice of agricultural improvement through co-operative societies, and with the further assistance that my Government is giving both by the allotment of long term funds and by the services of an expert adviser, the progress of land improvement through and by means of co-operative effort will be rapidly accelerated.

"It has given me pleasure to hear of the economic enquiries in particular areas, which have been made under the guidance of the Central Co-operative Institute and of special committees. Such enquiries, carefully conducted on lines of true research by non-official experts of the kind that the Institute is able to secure, should be of the greatest value not only to co-operators but also indirectly to Government. Though co-operation is one united force, yet applied as an instrument to the improvement of economic conditions it must be flexible and not rigid. It cannot be applied in one unaltered mould to every sort of varying material. While the principles remain the same, the actual method of application must vary with the needs and conditions of the local area. In one place perhaps wide credit given with no unstinted hand may be the primary necessity. In another, such credit without preparation by other co-operative methods might perhaps aggravate instead of ameliorating the situation. Such detailed economic enquiries as have been initiated by the Institute will serve to map the ground that has to be traversed and enable the safest lines of advance to be traced beforehand. The reports of these committees are now before my Government and will be carefully considered.

"Again, the proposals submitted by the last Provincial Conference and supported by your Registrar for legislation to empower villages or societies to enforce the consolidation of fragmented holdings open a wide and, in this country, a novel field of enterprise. The subject is one whose difficulties are far from being easily overcome, and the analogy of European countries as well as the conditions actually existing in the various districts of this Presidency will, it must be obvious to you all, require mature consideration before a decision can be made in the matter of possible legislation. But these representations will certainly obtain, and are already obtaining, careful consideration, and great weight attaches to the opinions of co-operators in such a matter.

"Gentlemen, I do not desire to keep you longer from your deliberations, and your movement is now so large and spreads over so many fields of operation, that it would be impossible for me to review every branch of your work within the limits of this Address. I feel, however, that I cannot close without referring to the position attained in importance, in weight, and in practical results by your Central Institute. It has been a pleasure to me to have been, and to be still, its President, and I congratulate the members of the Institute on the zeal and energy of Mr. Deodhar, its Vice-President—who, I regret to say, has just written to say he is prevented by illness from being present here this morning,— of Rao Bahadur Talmaki, its Honorary Secretary, and of the various Presidents and members of its Branches and its Standing Committee. The Institute is now becoming what it should be, a vital force in the co-operative movement and the main directing influence in its policy. Its representations have carried weight with my Government in much of the legislation that has been promulgated or is under contemplation, and in our turn we have been glad to recognise the growing vital value of the co-operative movement by special provisions in the Local Boards Act which will secure adequate representation of the needs of the co-operative movement in local administration.

"It gratifies me also to know that through the Institute the co-operative movement in Bombay has been brought into close and intimate touch with the co-operative

movements of other countries, and that it is linked up with the International Co-operative Alliance—the body that serves as a sort of Supreme Court for co-operation throughout the world. I trust that this Presidency will also be able to make a good figure at the International Co-operative Exhibition at Ghent which is to be held next summer, for which I understand the Co-operative Institute is preparing exhibits and to which it intends to send its representatives.

“Gentlemen, in concluding I would like only to emphasize again, as I have on other occasions done before, that in co-operation you have a splendid instrument of national regeneration and a vital force for national development. Membership of a Society, if it is properly understood and conducted, confers the boon of increased material prosperity and the means of greater comfort and advance. But it should confer also the even greater advantages of moral discipline, sustained effort, and a balanced self-government in the sphere to which the Society applies its purpose. Absolute integrity, however, is required, and with it the confidence that can only be inspired by such integrity. There are unfortunately reasons to fear that these moral principles are not yet as fully grasped or observed as they ought to be, and the shortcoming is reflected in the heavy amounts of overdues, which are, I fear, the worst feature in the general picture of co-operative progress. May I remind you of what I said as early as 1919, when I had for the first time the pleasure of presiding at your Provincial Conference? I took the opportunity at that time of uttering a word of warning. I said that “the only sure foundation for co-operative work is confidence. Without that, the whole fabric comes toppling down and involves all round it in ruin and destruction.” I would like to reiterate that warning and emphasize again the necessity of making sure of every step before advancing a step further. Constant instruction, the constant reiteration of principle, the elimination of all that is weak or of doubtful integrity, unceasing propaganda and unhesitating self-applied discipline: these are the exercises by which alone you can keep the body of co-operation fit and in good training, ready to overcome in every contest and able to surmount every obstacle.” (Applause)

*Rao Bahadur A. U. Malji* Mr. Chairman, I have a small resolution to place before you as follows:—

“This Conference regrets to hear of the unfortunate accident to His Excellency which has deprived them of the pleasure of his presence as President, and offers its respectful condolence and requests the Hon'ble Sir Maurice Hayward to convey these sentiments of condolence to His Excellency.”

In presenting this resolution for your acceptance, I have no need to make any long speech. It is known very well to all of us that His Excellency has evinced the keenest interest in the cause of cooperation throughout his regime. We regret very much his absence at a time when that regime is drawing to a close; and it is but proper that this resolution should express our sentiments towards His Excellency. The resolution is one which does not need to be formally seconded or supported, and I dare say you will all agree that these sentiments of ours should be conveyed to His Excellency. In fine, I have only to express our sincere thanks to the Honourable Sir Maurice Hayward for the trouble he has kindly taken to come over and read to us His Excellency's speech prepared for this occasion.

Resolution was put and carried unanimously.

*The Honourable Sir Maurice Hayward:* Gentlemen, I should like to refer to the presence here of distinguished visitors from outside the Presidency. I am very glad and I must say you will be very glad to welcome here today the Registrars from Baroda and Hyderabad, Deccan.

I understand, Gentlemen, that I can convey to His Excellency your unanimous acceptance of the resolution of condolence moved by Rao Bahadur Malji.

I have now to thank you, Gentlemen, for listening so attentively to the speech which I have just read to you and for the thanks you have tendered to me for being here today. It has been a great pleasure to me to come here today, as it has been an equally great regret that it has not been possible to have the speech delivered in person by His Excellency.

I will now leave you to your deliberations and your Vice-President, and I will communicate your kind resolution of condolence to His Excellency.

The Honourable Sir Maurice Hayward then departed and the Vice-President, the Honourable Mr. C. V. Mehta, took the chair.

*The Honourable Mr. C. V. Mehta* : Gentlemen, you will agree with me that it has been very unfortunate that Mr. Devadhar has been prevented by illness from attending here today. It has been suggested that the Registrar, Mr. Rothfeld, might say a few words on this matter. I will now ask Mr. Rothfeld to address the Conference.

*Mr. O. Rothfeld* : Mr. Chairman and Gentlemen, it is a matter of the keenest regret to me and to you also that this Conference has been deprived by illness of the presence of Mr. Devadhar, to whose energy and zeal we all of us personally can testify and who, as Vice-President of the Institute, has undoubtedly done so much for the development which we have all been glad to notice in our movement at the present day. I have been rather at a loss to find out what I can say in Mr. Devadhar's absence, as I have no idea of what he himself had intended to say and I also have myself exhausted all that I really could comment on. At the same time I think that it is as well that I should again impress upon all the co-operators here assembled certain aspects of this movement. I do wish very greatly to impress upon all, that the co-operative movement is not concerned solely or entirely with the progress of the cultivators of this Presidency or even with the greater economic advance of the people of all classes in this Presidency. In the view which I have been trying, as far as I can, in the last 3½ years to put before co-operators, the co-operative movement is something wider, more generalised and more universally important even than the advance of the cultivators of one part of the Indian continent or even than the economical advance of the whole of the Presidency. It seems to me that there has always been quite a great danger of concentrating only upon the narrow field of action immediately before us and of forgetting the implications involved in an adherence to an entity of the worldwide principles and intentions which rule the co-operative movement.

I shall refer particularly to the Institute and the action which it has taken, because in practice it does bring the cooperative movement of this Presidency into line with the tendency of co-operation throughout the world, and I look upon that as one of the most important spheres of the Institute. What I wish to emphasise in these few words is that this part, which the Cooperative Institute is taking, is important because it holds forward the image of a larger field of action and a higher ideal. I have been very much impressed indeed in later years by the rapid coming to India of capitalism and industrialism and all that those two words imply. Most of us, most of you especially, I think, still think of India in terms which are no longer applicable to the country as it is. You are still apt to think of small cultivator who grows crop in his own field for the consumption of his own family ; you are too apt to think business as being conducted by one man sitting in his shop and selling things which he buys for a slight profit to his customers. Those were the conditions which prevailed when I first came to India ; and they are rapidly passing away. You have to face the fact that the small cultivator in greater part of this Presidency is becoming an anachronism, and that he has got to give way to other conditions. You will find that it is the experience, I am sure those of them present here will bear me out, of small individual cultivators cultivating their own fields ; and they will no longer be able to compete with those conditions of world market and world production into which India as well as every other country in the world has been sunk—that is, of the steam engine, steam ship, and now-a-days of the aeroplane and airship. You have therefore to realise that even the most conservative industry, the industry of agriculture, is going to face vast changes in the near future ; and that the small man, unless he is protected specially has got to lose his holdings and would have to face the fact still more that in business the small shop-keeper is no longer needed. Real business, the business which carries profits, is being done by big men and combines or combinations, people who hold the means of production, who control the market, and, to a large extent unfortunately, control the legislative and administrative machinery of the country. It is in view of these facts that a co-operative movement has to shape its policy.

The first purpose of co-operation is and must be to place a barrier to prevent the onrush of the evils which have in other countries followed the wake of the capitalist

movement. You find that in other countries the reliance of the most advanced, best educated and most liberal men in the country for a future, in which there shall be remedies against those evils, is placed in the co-operative movement; so far at least it may be said that failing co-operation there has been no trace in any one's mind of any other remedy except the short remedy of the knife at the throat. In this country we are still at a stage in which the evils have not advanced so far, and in which co-operation, if we can understand sufficiently quickly those qualities which are undoubtedly required for its success—persistence, discipline and integrity—can prevent, once and for all, the influx of those peculiar evils and preserve the commonwealth on a sound and healthier basis. But the tether is very close; and what I have always been having before my mind is to develop the co-operative movement within a short space of time and to put it upon a basis sufficiently strong to be able to take its stand against those evils.

You will have read in the newspapers, during the last few weeks, with as much interest as myself the efforts made by those who control certain means of production in the country, certain large industries, to get taxation imposed upon the whole country, upon the cultivator, a heavy taxation, in order that they may make larger profits. You will find for instance before the Tariff Committee,—I am speaking of the Tariff Committee,—certain directors of companies have given evidence unabashed and unashamed, that they want such taxation to be imposed upon the poorer classes, in order that their company should pay dividends of 15 per cent; in other words, in order that their companies may pay a dividend of 15 per cent., every one else in the country should give tax, forgetting the fact that it is possible for any one to make the same demand. This shows how nearly the danger has come and how little it is apprehended by people. It is the business of the Co-operative Institute to bring forward every one of their suggestion for action to the notice of every man in the country to whom it applies and to put forward in cool and moderate language readily before Government and the legislature the arguments which apply to such cases and which secure the protection of the people of this country in the interest of the whole Empire.

Co-operative movement stands for the control of all business in the interest of the people; and that is the main purpose. I trust in future I shall hear as I have been glad to infuse in the past, that those sentiments of unity and fellow sacrifice are growing stronger and stronger, and that they are more and more reflected upon the legislation and administration of this Presidency.

*Rao Bahadur S. S. Talmaki:* The action taken on the last year's resolutions has already been printed and placed in your hands. As it need not be read, I shall merely summarise.

On the first three resolutions, as no deliberative action was needed, they were communicated to the persons concerned.

Resolutions Nos. 22 and 23 were of a negative character and therefore no action was necessary on them.

At its last session, the Conference had appointed special committees to further consider and report on Resolution No. 4 on Debt Redemption, Resolution No. 8 on Guaranteeing Unions and No. 24 on Arbitration Procedure. The reports of these committees are printed and placed in your hands. They are the most important subjects.

With regard to Resolution No. 13, Cattle Insurance, the Institute has collected the opinions of various bodies, and these opinions which are also printed will be placed before the sub-committee which will go into that question.

With regard to Resolution No. 21 relating to the transfer of certain functions of the Registrar to co-operative associations, I understand that action has already been taken by Government.

With regard to resolution No. 18, recommending the appointment of a special officer for offering information to co-operative stores, we collected a lot of information and on consideration came to the conclusion that it was not possible to take any action as recommended by the conference, in view of the fact that the Store Movement has not been progressing.

Six resolutions were forwarded to Government and they are still under their consideration, except one. They are :

- 5th re : Liability of Central Banks.
- 7th re : The R. T. R. system.
- 9th re : Consolidation of holdings.
- 11th re : Tank Societies.
- 12th re : By-laws of irrigation societies.
- 29th re : Free audit of stores.

With regard to the last of the above resolutions, Government have already issued orders.

With regard to five of the resolutions, they were simply to be circulated among co-operators and societies for information. Action has already been taken with regard to them.

Two more resolutions regarding Taluka Associations and development of the Institute work are still under correspondence with the department concerned; and I hope it will have arrived at some satisfactory conclusion by now, or at any rate before Mr. Rothfeld leaves us for good.

I must express my regret at the absence of Mr. Devadhar. Mr. Devadhar wanted to say a lot of things on the work of the Institute and its future development. I still hope that before the Conference closes, he will be able to come into our midst and say what he has to say.

*The Honourable Mr. C. V. Mehta :* The last business is the appointment of sub-committees; and the subjects they are to deal with are also mentioned against their names. I believe the programme is before you. There is also another printed paper before you suggesting how those committees should meet and the procedure they should follow. The names of the members forming those sub-committees are also given in that paper. I presume that, if anybody else besides those mentioned in the paper chooses to work on any of those committees, he is at liberty to give his name to Mr. Talmaki, and no doubt the other members of the committees will be glad to have such co-operation. I suppose we may now take it that these special committees are appointed and that they will make their report for consideration to-morrow. I think that will suit the convenience of the members.

*Rao Bahadur S. S. Talmaki :* With regard to these special committees, the names of the gentlemen constituting the several committees are printed in the list. We did not hear from some of them regarding their willingness to serve on those committees. If it is not convenient for any of them to serve on those committees or if any gentleman wishes to sit on any of the committees, they are quite welcome to do so. They are requested to communicate with the chairmen of the respective committees, as it will not be possible for me to do so.

The reports of the sub-committees may kindly be placed in our hands before 7 p. m., so that they can be placed in the hands of the delegates for their consideration to-morrow.

I have to invite your attention to the supplementary programme regarding the Poona District Central Co-operative Bank.

At 4/30 p.m. tomorrow, the Honourable Mr. C. V. Mehta our able adviser and Vice-president will be "At Home" to the delegates and visitors at 8, Queens Road, which is a few minutes walk from the Council Hall. I hope you will make it convenient to be present there.

On Monday, gentlemen, there will be an Exhibition at the Poona Agricultural College and the programme is as follows: (see Appendix XI).

I hope all the delegates and visitors will take advantage of this Exhibition which has been arranged for their benefit.

The Conference was then adjourned to 11 A. M. on Sunday, the 23rd September 1923.

## WORK OF THE SUB-COMMITTEE.

The following instructions were issued to the sub-committees:—

### Instructions.

1. Delegates or guests, whose names do not appear in the printed list, but who are desirous of sitting on any Sub-Committees are requested to give their names to the Honorary Secretary of the Institute.
2. Guests may attend any Sub-Committees and take part in the discussion, but shall not vote.
3. Each Sub-Committee shall appoint its own Chairman.
4. If a Sub-Committee is of opinion that any of the questions referred to it can not be fully discussed within the time allowed, it may recommend that its consideration be deferred or that it be considered by the Standing Committee of the Institute or by a Special Committee appointed by the Conference, with directions to make a report within a specified time.
5. The Chairman of the Sub-Committee shall *hand over the report and resolutions of their Sub-Committees to the Secretary by 6-30 p. m.*, legibly written and signed by him.
6. The Chairman of each Sub-Committee shall place its report and resolutions before the Conference, or may appoint one of the Members of the Sub-Committee to do so. Each Sub-Committee may recommend names of speakers in its report.
7. Printed copies of the reports and resolutions of the Sub-Committees will be available at 8 A. M. on Sunday, the 23rd September at the Maharashtra Branch Office, Kibe Wada, Poona City, and at the Council Hall, at 10 A. M.

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## Subjects proposed for discussion for the Provincial Co-operative Conference to be held in September 1923.

### I. Resource Movement.

#### 1. PRIMARY SOCIETIES.

##### (i) Rural.

- (a) Basis of fixing limits of loans for individuals in agricultural credit societies; assessment of borrowing capacity of agricultural credit societies; on what principles and through what agencies should it be carried out?
- (b) Dharwar District Conference, at Aminbhavi, resolves that the past experience regarding the movement having shown the mismanagement in societies to be due chiefly to the negligence of the Managing Committee in not adhering strictly to the bye-laws, and to the election of improper persons on the Managing Committee, it is desirable that there should be some definite bye-laws in this respect. Suggestion regarding such a bye-law is invited.

##### (ii) Urban.

- (a) Whether a person should be allowed to become a member of more than one co-operative credit society, doing financing and banking business in the same identical area; or in other words, whether the membership of several urban co-operative societies should not be mutually exclusive.
- (b) In view of the large business the Urban Credit societies are doing, is it not advisable to insist on having monetary qualifications for directorship, e. g. holding of at least a decent number of shares?

#### 2. CENTRAL AGENCIES.

- (i) Unions: Urgent need for all primary societies affiliating themselves to unions.



### 3. GENERAL ASPECTS AND OTHER PROBLEMS.

- (a) Whether in view of the improved credit now enjoyed by the co-operative movement, the time has not come for an all round reduction in the rates of interest paid on deposits, and with it the rate of interest on borrowings, which, at the present moment, in many societies constitute an almost intolerable burden on agriculture and industry.
- (b) Desirability of starting Land Mortgage Banks.
- (c) Whether Taluka Treasury balances should be made available for the discounting of cheques and drafts drawn on the Provincial Bank by the Co-operative Societies.

### II. Agricultural Non-Credit Co-operation.

- (a) The necessity for linking up sale societies for each class of produce into larger societies, unions or federations, for which the isolated sale societies shall act as local agents, and which they shall control with a view to commanding the market and controlling the disposal of the produce in sufficient quantities.
- (b) The need for early legislation to control cotton market through co-operative sale societies, when these exist.
- (c) To move Government to undertake legislation to enable the majority of a land improvement society to coerce the minority; and to prohibit the land-lords from raising rents beyond a certain maximum on lands that have been improved by such a society.

### III. Producers' Movement.

Suggestions for organising fishermen's societies.

### IV. Consumers' Societies.

- 1. STORES: Appointment of a small Committee to report on the failure of store societies, and what measures should be adopted to successfully develop them.

### V. Policy and Propaganda.

#### 1. DEVELOPMENT OF INSTITUTE'S WORK.

- (a) Is the Institute responsible for supervision? If so, how should it discharge this function?
- (b) The desirability of having the session of the Provincial Co-operative Conference at places of Headquarters of the Institute's Branches in the different linguistic divisions.

#### 2. ADMINISTRATION.

- (i) *R. T. R's and Tagavi.*
  - (a) Proposed withdrawal of concessions in respect of the free issue of the Remittance Transfer Receipts. How to meet the contingency?
  - (b) What changes are further necessary in the Tagavi Loan Rules under the Land Improvement Loans Act relating to Co-operative Societies recently published?
- (ii) *Arbitration and Liquidation.*
  - (a) Appointment of stipendiary liquidators and arbitrators; and whether it should be accepted that the present system has broken down, and how it can be improved.
  - (b) If a society fails to execute the decrees and awards obtained by it, the Asst. Registrar should arrange to get them executed by the Inspectors of the Banks and should recover the expenses of such execution from the society.
  - (c) Execution of arbitration decrees as arrears of land revenue.
  - (d) Removal of difficulties pertaining to liquidation of societies.

## REPORTS OF SUB-COMMITTEES.

### Sub-Committee No. I

*Chairman*:—Mr. R. M. Sane.

*Secretary*:—Mr. C. B. Huli.

#### MEMBERS PRESENT.

Mr. Jamshed N. R. Mehta	Mr. R. W. Patwardhan
Mr. B. F. Madon	Mr. M. R. Godbole
Prof. R. M. Joshi, I. E. S.	Mr. S. R. Kothavala
R. B. G. V. Jogalekar	Mr. Ganpatsing R. Patil
R. B. Pritamdas H. S.	Mr. S. Y. Sontakke
R. S. Dadubhai P. Desai	Mr. Motibhai N. Amin
D. B. S. V. Mensinkai	Mr. H. H. Patil
Mr. D. Y. Bhosale	Mr. Pandurang K. Shiralkar
Mr. N. N. Sathe	Mr. B. K. Rashinkar
Mr. S. S. Baswanal	Mr. R. B. Khot
Mr. V. L. Mehta	Mr. N. A. Sathe
R. S. K. R. Walvekar	Mr. Yeshwant B. Patil
Mr. R. B. Wadekar	Mr. Desaibhai S. Patel
R. S. Anantrao D. Mandhare	Mr. Chhotabhai Dwarkadas
Mr. S. N. Keshwain	Mr. Lalbhai G. Mody
Mr. B. D. Annegirikar	Mr. S. G. Salburdikar
Mr. B. B. Shroff	Mr. V. P. Chawadi
Mr. B. V. Jadhav	

#### Draft Resolutions.

##### PRIMARY SOCIETIES:—

###### (i) *Rural*:—

(a) This Conference recommends that as resolved in the Provincial Conference for 1921, all Agricultural Credit Societies should be instructed to introduce the system of normal credits for individuals; (2) and that such credits should be subject to the scrutiny of the unions wherever they exist and elsewhere to the scrutiny of the Central Banks to which the societies are affiliated; (3) that in societies where fixation of the credits of individuals is undertaken as mentioned in (1) and (2), the maximum limits of loans for individuals should be abrogated, provided that no member secures the use of more than a tenth of the total working capital available; and (4) that the District Central Bank should not grant loans to societies, of not less than three years' standing, failing to fix the normal credits of their members and that this recommendation (4) should come into force from April 1924.

This Conference recommends (1) that while as provided in the Act, the maximum liability which societies may incur by way of outside deposits and loans may be subject to the Registrar's sanction, the assessment of creditworthiness should be entrusted to unions wherever they exist, otherwise to Central Banks to which the Societies are affiliated; and (2) that such assessment should be based on the management and record of the societies, on the needs of members, determined in the statements of normal credits, on the unencumbered assets in land possessed by members, and on the amount of owned capital held by the societies.

(b) This Conference recommends that no member should be eligible for re-election on the Managing Committee, if he is heavily indebted, or is absent without proper reasons for  $\frac{2}{3}$  or more of the committee meetings held in a year, or if Arbitration proceedings are taken against him.

###### (ii) *Urban*:—

2. Subjects under (a) and (b) were considered together and it was found unnecessary to recommend any definite resolution to the Conference as the subjects may be dealt with by the Urban Banks themselves.

Proposed by R. S. K. R. Walvekar.

Seconded by Mr. S. S. Baswanal.

## 2. CENTRAL AGENCIES:—

3. This Conference is of opinion that as the system of Unions is necessary for Co-operative supervision and control, the existing Unions should be continued and improved and fresh Unions should be started wherever possible.

Proposed by Mr. B. V. Jadhav.

Seconded by Mr. B. F. Madon.

## 3. GENERAL ASPECTS:—

4. This Conference considers it the duty of Government to help Agriculture by guaranteeing loans to the agriculturists at a rate not exceeding its own borrowing rate.

5. That this Conference requests the Registrar and the Institute to examine carefully the proposals in respect of long term land mortgage credit made by the Gujarat Conference Committee.

Proposed by Raosaheb Dadubhai P. Desai.

Seconded by Mr. B. V. Jadhav.

R. M. SANE,

Chairman.

## Sub-Committee No. II.

Chairman:—Dr. Harold H. Mann.

Secretary:—Mr. A. C. Desai.

### MEMBERS PRESENT:—

R. S. Bhimbhai M. Desai.	Mr. B. P. Wagholkar.
R. S. G. G. Kale.	Mr. C. N. Sahasrabudde.
Mr. G. K. Patil.	Mr. B. P. Sulakhe.
Mr. L. K. Bhagwat.	Mr. R. K. Jogalekar.
Mr. V. N. Kadhe.	Mr. E. S. Farbrother.
Mr. Annarao S. Patil.	Mr. B. S. Shirolkar.
Mr. G. L. Gajendragadkar.	K. B. Azimkhan.
Mr. S. M. Mali.	Mr. M. A. Khudavand.
Mr. Yeshwant B. Patil	Mr. P. C. Patil.
Mr. N. V. Bhagwat.	Mr. K. D. Shahani.
Mr. N. G. Nadkarni.	Mr. W. G. Palkar.
Mr. A. A. Deshmukh.	Mr. P. B. Desai.
Mr. Ibrahimshah.	K. B. Judah Hyam.
Mr. S. S. Salimath	Mr. Y. T. Desai.
Mr. K. H. Gokhale	

### *Draft Resolutions.*

1. In the opinion of the Committee the time has come when Societies for the sale of their members' agricultural produce should be so linked up, that the members should not be under any disadvantage of being members of one particular local Society, whose area is limited.—While, therefore, retaining the ideas of such local Societies, these latter should be considered as local Branches of a Central Marketing Association, representative of all, which should be able to arrange that the produce from every part of the area should be marketed to the best advantage. Such a Central Marketing Association should enable the whole of the produce of a particular type of commodity to be marketed through its agency on an equal footing for all the Societies.

The Registrar should be asked to draft By-laws for such Central Marketing Societies or Associations, suggesting what the relationship to the Branch Societies should be.

2. In the opinion of the Committee, Societies for the collection and distribution of cotton seed of approved quality are not likely to succeed, unless they form a part of a

larger business. At present a limited supply of pure cotton seed is available in nearly all the main cotton areas from the Agricultural Department; and the problem is that of multiplying this, so as to make it available for the majority of the cotton growers in the area concerned. This can, the Committee thinks, best be secured—(1) by the Cotton Sale Societies, where they exist, becoming organisations for "seed-supply" also; (2) by the Co-operative Credit Societies receiving indents which can be met either by the Agricultural Department or by private firms certified by the Agricultural Department, or by Co-operative organisations. The question of Co-operative Gins may be the best way ultimately of solving the question of the supply of pure cotton seed; but the position is hardly ripe for these in most areas at present; and when started, they should be under the control of Co-operative cotton sale organisations or of groups of societies affiliated to a cotton sale organisation.

3. The Committee recommend that in the case of late crops in the cotton growing tracts the question of the dates on which the land revenue instalment should be paid should be so determined, as to allow the members of Co-operative Societies to realise at least a part of their crops before they are called upon to pay. The Committee would note that this has already been recommended by the Indian Cotton Committee. The Committee, however, is of opinion that when a Society applies for postponement of instalment of its members in any particular season, the Collector should be instructed to agree readily to such postponements, provided the Society guarantees its punctual payments.

4. Where the success of a Land Improvement Society, such as one for fencing or for the construction of embankments or the like, depends on the united action of all the land owners whose land is improved, the Committee is of opinion, that where the owners of 75 per cent. of the land agree, the Government should be asked to undertake legislation to enable the local authorities, where they consider it necessary, to order the construction of the improvement and recover proportionate contributions from the recalcitrant owners.

5. The Committee is of opinion that the difficulties surrounding the question of Cattle Insurance are so great, that the Conference should appoint a Committee as suggested by various opinions cited in the note submitted to consider the whole question.

6. The Committee has considered an interesting scheme on Fodder Supply in Famine Tracts, placed before it by Mr. B. S. Shirolkar, Mamlatdar of Sindgi, and would recommend that he may be allowed to place the scheme before the Conference for consideration.

HAROLD H. MANN,

*Chairman.*

### Sub-Committee No. III.

*Chairman:*— Mr. L. S. Potnis

*Secretary:*— Mr. P. S. Ramrao.

#### MEMBERS PRESENT.

Mr. R. R. Kagadal	Mr. P. V. Kelkar
Mr. T. T. Mudireddi Hebsur	Mr. D. N. Deshmukh
Dr. C. J. Prabhakar	Mr. P. K. Jambhekar
Mr. S. V. Halkatti	Mr. C. S. Deole
Mr. Abdul H. I. Bhagat	Mr. S. G. Almoula
Mr. Sakarlal A. Parikh	Mr. J. C. Nanavati
Mr. S. G. Deorukhkar	

#### *Draft Resolutions.*

1. This Conference is of opinion that the existing policy of Government in the matter of granting loans to Producers' Co-operative Societies be revised and financial assistance by Government be made available to them at an earlier stage on the basis of their possibilities and chances of success than merely of actualities or success achieved. This Conference further recommends that such financial assistance should be given through the Department of Industries as well as through the Co-operative Department.

2. This Conference is strongly of opinion that to develop cottage industries effectively on co-operative lines, a Producers' Bank in Bombay for this Presidency is urgently required and appoints a committee of the following gentlemen to prepare a scheme for such a Bank in consultation with leading sympathetic businessmen with powers to add to their number.

- |   |                            |
|---|----------------------------|
| 1 Sheth Ranchhodlal B. Lotwala,<br>(Chairman) | 6 Mr. G. S. Ranade         |
| 2 Mr. J. B. Petit                             | 7 Prof. H. L. Kazi         |
| 3 Principal M. L. Tannan                      | 8 Mr. V. L. Metha          |
| 4 Mr G. K. Devadhar                           | 9 Mr. F. T. Nalavadi       |
| 5 Mr. L. S. Potnis                            | 10 Rao Bahadur A. U. Malji |
|   | 11 Mr. S. L. Apte          |

3. This Conference recommends that the Central Co-operative Institute should take steps to assist Producers' Co-operative Societies in securing markets for their products by suitable advertisements and catalogues and by approaching large consumers of their goods, the Societies contributing towards the expenses.

4. This Conference is strongly of opinion that a declaration of policy on the part of Government and all public bodies to extend their patronage to Producers' Co-operative Societies by placing orders with them for their requirements and preferring their tenders is very necessary to develop the Producers' Movement.

5. This Conference requests the Bombay Central Co-operative Institute to organise a Central Co-operative Agency for the purchase of raw material and implements necessary for Weavers' Co-operative Societies and for the sale of their finished articles on moderate commission.

6. This Conference suggests that in order to start Co-operative Societies amongst fishermen the Bombay Central Co-operative Institute should take steps to educate the fishermen and at the same time approach the Government to appoint a special paid organiser for the organization of Co-operative Societies on the coastal tract on the model of Fishermen's Societies in the Madras Presidency.

L. S. POTNIS,  
*Chairman.*

#### Sub-Committee No. IV.

*Chairman.*—Mr. F. G. H. Anderson  
*Secretary.*—Mr. K. D. Sethna

#### MEMBERS PRESENT.

- |                        |                         |
|------------------------|-------------------------|
| Mr. V. D. Muzumdar.    | Mr. J. K. Parulkar.     |
| Mr. Maganlal V Parekh. | Mr. Harilal G. Jhaveri. |
| Mr. N. D. Karmarkar.   | Mr. Bhagvant B. Vaidya. |
| Mr. S. K. Bole.        | Mr. S. B. Kulkarni.     |
| Mr. N. B. Desai.       | Mr. G. A. Mandhare.     |
| Mr. Sakarlal D. Desai. | Mr. K. L. Datar.        |
| Dr. T. D. Velankar.    | Mr. K. B. Bhadrapur.    |
| Mr. C. S. Deole.       | Mr. M. E. Joshi.        |
| R. B. S. S. Talmaki.   | Mr. A. Bassithkhan.     |
| Mr. J. C. Nanavati.    |                         |

#### *Draft Resolutions.*

##### *Housing*

1. In view of the difficulty of Co-operative Housing Societies, it is resolved to draft a representation to Government by Rao Bahadur S. S. Talmaki, B. A., LL. B., Dr. T. D. Velankar, B. Sc., L. M. & S., Mr. M. E. Joshi, L. C. E., Mr. V. D. Muzumdar, M. A., and Mr. J. K. Parulkar J. P., praying for the following reliefs:—

(i). That the rate of interest on loans in the case of existing and future Housing Societies should not be more than 5% per annum.

(ii). That the rate of interest should be revised periodically in the direction of reduction, so as to approximate to the rate at which Government borrows in the market.

(iii). That in the contract between Government and the Societies, it may be provided that in the event of the rate of interest becoming at any time favourable to such operation, the Society be empowered to raise debentures, charged *pari passu* on the whole property, on the condition that all proceeds of such debentures shall be exclusively applied to the amortisation of the Government loan.

(iv). That in the case of the Housing Societies, interest on loans advanced should not be charged altogether for the first two years, or in the alternative, the amount be spread without interest over the loan period.

#### *Consumers' Movement.*

2. This Conference recommends the Bombay Central Co-operative Institute to appoint a Committee to go into all the details regarding the non-success of the Consumers' Societies and to suggest such means as will make them a success. The report to be made by the Committee to the Institute within four months from the date of their appointment and the Institute to take such action as they may deem advisable on the Committee's report.

F. G. H. ANDERSON,  
*Chairman.*

#### **Sub-Committee No. V.**

*Chairman* :—Mr. V. H. Naik

*Secretary* :—Mr. D. A. Shah

#### **MEMBERS PRESENT :—**

Mr. B. B. Potdar.  
Mr. V. M. Bakre.  
Mr. Y. T. Desai.  
Mr. A. A. Patil.  
Mr. V. R. Shedbal.  
Mr. P. R. Chikodi.  
Mr. M. S. Patil.  
Mr. C. A. Patil.  
Mr. K. D. Shahani.  
Mr. S. A. Gaokar.  
Mr. K. B. Kulkarni.

Mr. M. M. Basrur.  
Mr. A. G. Kotwal.  
Mr. Dayabhai Kilabhai.  
Mr. V. D. Dharmadhikari.  
Mr. A. P. Moula.  
Mr. B. S. Patel.  
Mr. K. G. Palkar.  
Mr. R. N. Mehta.  
Mr. R. R. Kulkarni.  
Mr. J. C. Nanavati.

#### *Draft Resolutions.*

1. This Conference appoints the following Committee to examine the existing system of the supervision of societies, to define the kind and extent of supervision to be undertaken by the Institute, to make suggestions for ensuring such supervision, and to report to the Institute within two months. The Standing Committee of the Institute should be authorized to take such action on the report as it deems necessary.

The Committee to consist of the following :—

- |   |                        |
|---|------------------------|
| 1. The Vice-President of the Institute. | 2. Mr. F. T. Nalavadi. |
| 3. Rao Bahadur A. U. Malji.             | 4. Mr. S. L. Apte.     |
| 5. Mr. Abdul Razak Deshmukh.            | 6. The Registrar.      |
| 7. Mr. V. L. Mehta (Secretary).         |                        |

2. This Conference recommends that the number of centres for holding the Provincial Conference should be increased as far as possible, and each Provincial Conference should fix the venue of the next Conference.

V. H. NAIK,  
*Chairman.*

### Sub-Committee No. VI.

*Chairman.*—Rao Bahadur A. U. Malji.

*Secretary.*—Mr. N. P. Bhagwat.

#### MEMBERS PRESENT :—

R. B. A. U. Malji  
Dr. B. V. Rayakar  
Mr. R. N. Rajadnya.  
Mr. A. O. Korcishi.  
Mr. P. H. Banatwala.  
Mr. H. R. Thanaki.  
Mr. T. H. Mehta.

Mr. S. N. Kulkarni.  
Mr. N. P. Surnis.  
Mr. M. R. Godbole.  
Mr. M. M. Gavane.  
Mr. Y. N. Kakade.  
Mr. R. G. Sarolkar.

#### *Draft Resolutions.*

1. That this Conference endorses the resolution of the last Provincial Co-operative Conference and would agree to any reasonable changes the Registrar and the Provincial Bank may bring about after considering the last para of Rao Bahadur Chitale's Committee's report dated 4th December 1922, unless the Central Banks' meeting disposes of this question at their to-morrow's meeting.

To be moved by the Chairman.

To be seconded by Dr. B. V. Rayakar.

2. That in view of the recent rules for Tagavi loans advanced for improvement of lands and the general reduction in the market rates of interest, this Conference respectfully but firmly urges that Government should even at some loss reduce the rate of interest to 5 per cent. on such loans.

To be moved by the Chairman.

To be seconded by Mr. P. H. Banatwala.

To be supported by Mr. D. L. Umarwadia.

3. That this Conference adopts the Resolutions Nos. 1, 2 and 4 of the Sub-Committee appointed at the last Provincial Co-operative Conference and dated 16-6-1923 with the following changes :—

(i) Add "with full powers" after "arbitration courts" in Resolution No. 1, and

(ii) Add "Assistant" before "Registrar" in resolution No. 2, and

(iii) Omit Resolution No. 3 of the Sub-Committee as unnecessary; and requests the Registrar to take the necessary action.

To be moved by the Chairman.

To be seconded by Mr. R. N. Rajadnya.

To be supported by Mr. H. R. Thanaki.

A. U. MALJI,

*Chairman.*

### SECOND DAY—SUNDAY, 23rd SEPTEMBER 1923.

The Conference re-assembled at 11 A. M., The Honourable Mr. C. V. Mehta presiding.

*The President:* Gentlemen, the resolutions of the various sub-committees are before you. We shall take them in the order in which they have been placed.

*Mr. R. M. Sane:* Gentlemen, three subjects were considered by the sub-committee. One related to rural societies; the second related to urban societies and the third was about long term loans and land mortgages. I will take the first resolution.

(a) This Conference recommends that as resolved in the Provincial Conference for 1921, all Agricultural Credit Societies should be instructed to introduce the system of normal credits for individuals; (2) and that such credits should be subject to the scrutiny of the unions wherever they exist and elsewhere to the scrutiny of the Central Banks to which the societies are

affiliated; (3) that in societies where fixation of the credits of individuals is undertaken as mentioned in (1) and (2), the maximum limits of loans for individuals should be abrogated, provided that no member secures the use of more than a tenth of the total working capital available; and (4) that the District Central Bank should not grant loans to societies, of not less than three years' standing, failing to fix the normal credits of their members and that this recommendation (4) should come into force from April 1924.

This Conference recommends (1) that while as provided in the Act, the maximum liability which societies may incur by way of outside deposits and loans may be subject to the Registrar's sanction, the assessment of creditworthiness should be entrusted to unions wherever they exist, otherwise to Central Banks to which the Societies are affiliated; and (2) that such assessment should be based on the management and record of the societies, on the needs of members, determined in the statements of normal credits, on the unencumbered assets in land possessed by members, and on the amount of owned capital held by the societies.

- (b) This Conference recommends that no member should be eligible for re-election on the Managing Committee, if he is heavily indebted, or is absent without proper reason for  $\frac{2}{3}$  or more of the committee meetings held in a year, or if arbitration proceedings are taken against him.

This is the resolution which I commend for your approval. In the co-operative movement the present cry is that there is more money than could be lent. It has been the complaint that the money available has not been used to the full extent for the benefit of the agriculturists, and that the rural societies are not in a position to disburse the large sums received by them. It has also been the complaint that some of the members are paid more, some less, and some do not get all that is required for agricultural purposes. This resolution has been proposed in order to remove some of the difficulties that stand in the way of the proper utilisation of the available money.

The last clause proposes that societies of not less than three years' standing, which have not followed the practice of preparing the normal credits of their members and of assessing the creditworthiness of their members, should not be given loans by the District Central Bank. At present every man who pays a rupee and becomes a member is entitled to get loans. We do not look into the size of his holdings; we do not look into his character; we do not look into the other circumstances connected with him. There is a maximum limit fixed for loans to individuals and beyond this maximum no one can get loans. We find from the reports of the Bombay Central Co-operative Bank, the Poona Bank and other banks, that there is any amount of money, but that the managers of these banks are at a loss to find how the money should be utilised. The first object of the co-operative movement is to utilise that money towards the uplift of the agriculturists. In order that they may be granted the loans required, it is very necessary that the societies should prepare a normal credit account of their members. From my experience of these societies, I may say that these normal credits are never prepared. It is only when the applicants go to the bank that they are prepared. The applicants say that they want Rs. 5,000; and the bank seems to think that they have asked too much and it cuts it down to Rs. 2,000 or Rs. 3,000. This is what happens both in the case of the Provincial Bank and of the District Banks. I have experience of both of them. It is very necessary that the normal credit of each member and his creditworthiness should be ascertained every year or every two years. Creditworthiness does not depend upon assets alone, but it depends also upon the person's character. The one is tangible and the other is intangible; and both these things should be taken into account when loans are granted.

Then clause (b) relates to members of the managing committee. If a member of the managing committee is heavily indebted, or is not in a position to attend at least two-thirds of the meetings, or if arbitration proceedings have been taken against him, then certainly he is not a fit person to carry on the society's work.

With these few words, I would ask my friend Mr. Madon to second the resolution.

*Mr. B. F. Madon:* Gentlemen, I have much pleasure in seconding the Resolution which Mr. Sane has moved. I do not think it requires many words from me, because the



problems which this resolution attempts to solve are familiar to every one of us, who have to deal with co-operative banks, which give loans to rural societies. We had upto now a system by which these societies by one of the bye-laws were rigidly forbidden to lend to any member, whatever his assets, whatever his requirements, above a certain limit. That limit may be Rs. 100 or Rs. 200, but that limit applied equally to every member, whether he possessed five bighas, fifty bighas or five hundred bighas. The idea is that the larger men should not run away with all the funds available to the society. But on the other hand, that has led to a great deal of injustice to many of the members of these societies, whose real requirements were large, who really wanted more money in order to carry on cultivation and who were consequently driven to the sowcar. That is a very undesirable position to be in. If we want the co-operative movement to succeed in its aim of freeing the agriculturists from the clutches of the sowcar, then we should not create conditions which may ultimately drive them to the sowcar. So it has seemed to many of us that the present system of maximum limits for each individual member should be revised in the direction of assessing each man's credit according to his holdings and according to his real agricultural requirements. Merely because he is one of a hundred or two hundred members, he should not be given equally with everybody else. On that basis, for some years past the system of what are called normal credits has been tentatively introduced, and the object of this resolution is now to make it general. The system means that the members of societies should come together and discuss the position of each member individually and go into his assets, into his holdings and requirements, and other things, and find out what should be lent to him in order to enable him to carry on. At least that amount should be lent to him: otherwise most naturally he has to go to the sowcar and take loans on terms which ultimately jeopardise the condition of the society and consequently the condition of the financing bodies, which lend money to the society. If this resolution is passed, we shall have the system of keeping normal credits enforced in every society, so that each individual may be granted loans according to his assets, his holdings and his requirements.

In order to scrutinise whether the assessment of a society is right or wrong, high or low, we want a second body. The second body which has occurred to us is most naturally, the Union. One society may have for one reason or other put down extravagant figures for particular members who may have influence in that society; but when five or ten societies which form a union are jointly called upon to scrutinise the normal credit statement, and when they are satisfied that the figure is according to assets and requirements, then the financing body, which may be either the District Bank or the Provincial Bank, would in its own turn feel reassured that the amount that it was being asked to lend was the actual requirements of that member and no more. Then after the scrutiny has been completed, the figures would go to the Registrar for his final approval, as is at present the case.

Now, the idea in this resolution is when this normal credit system has been introduced into any society, the present maximum limit should be abrogated. It follows naturally. Once you set down that a particular member whose holding is a very small one should not be given more than Rs. 50, then there is no meaning in your assistance. How is he to get Rs. 200 or Rs. 300 if he requires that amount? The normal credit statement automatically becomes the maximum limit for each member of that society. So the present maximum limit by-law would have to be abrogated, wherever the normal credit system is introduced.

Then, in clause (4) of this part of the resolution, the sub-committee has suggested that District Banks should not give loans to societies of not less than three years' standing that have not introduced the normal credit system. This, of course, naturally follows; for, if we think that this development is an essential of our lending system, and that we must have this normal credit introduced into every society, then, if a society has existed for three years or more, and has had considerable experience of co-operative work, there is no reason whatsoever, why it should not sit down and seriously give itself to the work of assessing the normal credit of each of its members, and come and tell the financing body that it has, after deliberation, come to the conclusion that member A of that society should have so much and member B so much, and so on. If it does not do that, then it does not deserve any financial help from the bodies higher up in the system, whether District Banks or the Provincial Bank, whichever has got to give the money.

At the suggestion of some of the members of the sub-committee, who fear that any hurried action in this direction might be harmful, we have added the last few words to the resolution, that this recommendation about not giving loans to societies of over three years' standing, which have not fixed the normal credit of their members, should not come into force before April 1924; so that, if this resolution is approved by the Conference, it will naturally be circulated to all the societies, and they will have ample time to sit down and prepare the normal credits of their members. Even where there is any delay, if the financing bodies are reasonably satisfied that delay has not been deliberate, and that it was owing to unavoidable causes that a particular society was unable to furnish the normal credits of its members before April 1924, I feel sure that the financing agencies will not withhold the money necessary.

The second part of the resolution recommends that the creditworthiness of the societies should be scrutinised in the same way by the Unions, and where the Unions do not exist, by the District Banks or the Central Banks, or the Provincial Bank, whichever is the next financing body. That is a very natural step, and does not require any further explanation, because it is the body that lends the money that has got to see that the loan is safely made, and that the borrower could be lent so much as he asks for. Whether they can give it is a secondary question, but before doing that they should have studied the position, and they should have made sure of the financial standing of the borrower to whom the money is going to be lent. I do not think this part of the resolution requires any further explanation.

In assessing this creditworthiness, we point out certain features that will have to be borne in mind by the body that assesses, namely, the needs of members, the position of their assets, his personal character, his record in past years, and so on. We simply indicate the general lines, because when the thing has got to be done, the body that does it will have to take into consideration not only these but a great many other features, before arriving at the final figure that could be lent to any particular body.

The third part of the resolution does not, I think, require any further comment; because a member of the managing committee who does not care to attend the meetings, a member who has abused his powers to give to himself very heavy loans, or a member who has abused both his power and position by going so far as to be in heavy arrears, so much so that proceedings have got to be taken against him, should no longer remain on the managing committee, and the work of the society should be entrusted to better hands.

With these few words, I commend the resolution for the acceptance of the Conference.

*The Honourable Mr. Lalubhai Samaldas:* Mr. President and brother co-operators, I think this resolution requires a little more careful consideration. A decision was arrived at on this question between the Directors of the Provincial Bank and the Registrar, and I think the resolution as worded is based on what we decided at the moment. Still, I think it is necessary that I should make certain points quite clear, before it is adopted by the Conference. The question is this: The normal credit of each member is, say, Rs. 500, Rs. 200, or Rs. 100. It is fixed at that by the society, and supervised by the unions. The total of it comes to, say, Rs. 10,000. But the maximum credit of that society, based not on its assets only, as Mr. Sane said, but on its character, its management, etc., which we now call creditworthiness, comes only to Rs. 5,000. The question then arises whether the maximum limit of the society should be raised to the total of the normal credit of the members, or whether the normal credit should be cut down *pro rata*, so that the total may not exceed the maximum creditworthiness of the society. I think that the best course will be to base normal credits on the total creditworthiness of the society. If the society as a whole cannot borrow more than Rs. 5,000, then the normal credit of each member, if the total comes to Rs. 10,000, will have to be reduced by one half. I think that is the best procedure to be adopted, and if that meets with your approval, then I believe, without making any alteration.—

*Mr. R. M. Sans:* There was no doubt about it. The creditworthiness of the whole society would be below the normal credit of the member.

*The Honourable Mr. Lalubhai Samaldas:* It should be clear that the total normal credits of all the members of the Society shall in no case exceed the maximum credit, or,

when it is decided by the District Banks, the creditworthiness of each society. If that is understood, then there is no objection to the resolution.

The other point that I wanted to make clear was that, although the resolution lays down that no member shall be allowed to borrow more than one-tenth of the total working capital, it may happen that ten members of the managing committee may exercise that power and take away the whole of the amount, and not leave any money for members who are not on the managing committee.

*Mr. R. M. Sane*: There is a rule that the whole of the managing committee should not take more than one-tenth of the capital.

*The Honourable Mr. Lalubhai Samaldas*: The only point that I wanted to make clear was that the managing committee should not, in any case, take away all the money themselves and not leave any money for any other members of the society. If, as has been pointed out, there is a rule to that effect, I hope the Registrar will be good enough to take note of it.

*Some Delegates*: It is not a rule; it is a by-law applying to some urban societies, and not to agricultural societies.

*The Honourable Mr. C. V. Mehta*: I think it will lead to clear discussion, if one member speaks at a time.

*A Delegate*: I was only pointing out that that limitation does not apply to agricultural societies.

*The Honourable Mr. C. V. Mehta*: Perhaps it will be best if the department takes into consideration what changes are required in the various by-laws, if the policy suggested in this resolution is accepted by government. Let us not limit ourselves to any one particular by-law. There may be other by-laws requiring change on account of the proposed change, which is of very great magnitude. All members of co-operative societies realise that the change which is suggested is one of far-reaching character, and it may necessitate changes in other by-laws, so that, let us make a recommendation to the department that the whole question should be considered together, and all the by-laws be re-examined with a view to see that this resolution is duly carried into effect.

*The Hon. Mr. Lalubhai Samaldas*: The department might take a note of it, and if this resolution meets with the approval of the Conference, and is accepted by Government, then the Registrar may make suitable alteration in the by-laws. However, I thought it necessary to make these two points clear—that the total normal credit of all the members shall in no case exceed the maximum creditworthiness of each society, and that the managing committee shall be restricted in such a way that they may not use more than one-fourth, or one-fifth, or whatever the department thinks suitable, of their borrowings. If these two principles are accepted, I think this resolution might be carried by the Conference.

*Mr. R. N. Rajadnya*.—Sir, it is not mentioned in the resolution whether the loans are meant for productive or unproductive purposes. So also, the maximum limit of loans for individual members should be here stated. It is not clear if loans for agricultural or unproductive purposes are meant; because a society's normal credit may exceed the limit which is stated in the present by-laws. So, it should be explained that loans for productive purposes only are meant.

I wish also to move a small amendment to part (b) of the resolution, namely, to add the words "or if he is a persistent defaulter" at the end. We have found that there are members on the managing committee who, as they are themselves defaulters, do not wish to take steps against the other defaulters. In the general meetings they are again elected, and there are therefore heavy arrears. That is one of the chief reasons why there are so many arrears in the societies. So, if the words that I have suggested are added at the end of the resolution, I think it will remove one of the difficulties. These are my suggestions.

*Mr. O. Rothfeld*.—Sir, with the general principle underlying these resolutions, I think we can all very well be in agreement. The resolution, as I see it drafted, really represents more or less a compromise between the views of the department for the sake of safety and soundness in the co-operative movement and the views of the Provincial Bank

and other co-operators who desire a quick extension and a less rigid manner of control. I think that there is very little which could be opposed in the compromise arrived at. It amounts briefly to this: that in a village society a list is to be made up stating, in the opinion of the society itself, what the requirements of each member are likely to be in that year, and also whether they consider him fit to get those requirements given to him. The one principal difficulty that does arise, however, is the confusion between the two things, namely, the man's requirements and his creditworthiness. The idea is that the normal credit should represent a figure not greater than his requirements, but, at the same time not greater than his fitness to receive loans. That I understand is the society's point of view. The other point of view is what the society is to get; and that is the point on which discussion between myself and the Provincial Bank really turned. The question as to how much the individual is to get depends entirely upon the question of what the society is to get. You will thus see that the recommendation of the committee is obviously a compromise. It recommends on the one hand that the maximum liability which societies may incur by way of outside deposits and loans may be subject to the Registrar's sanction as at present; and on the other it recommends that the assessment of creditworthiness should be entrusted to unions wherever they exist, otherwise to financing agency. This compromise is a very reasonable one and there is nothing to find fault with the principle underlying it. The Provincial Bank is satisfied with the principle. I think that some difficulty is being felt due to the way in which the resolution has been drafted. Mr. Lalubhai suggested the unification of the by-laws of all societies by the Department in consultation with members. So I suggest that these difficulties that I have now placed before you may be considered before the final recommendation is made.

There is one thing I object to in the second para. Personally I think that the words 'to unions wherever they exist' should be omitted; and that the central bank should be entrusted with the assessment of the creditworthiness of societies.

As regards resolution (b) I am in entire agreement with the principle underlying it; but what I consider necessary is that the wording of the resolution should be made clear. I had to deal with a case recently in connection with a society the chairman of which was obviously corrupt. The Assistant Registrar asked the society to remove the chairman, and elect another in his place. The society persisted in re-electing him. We had to take a stronger step. It is against the interest of the society itself to retain him. As we found that the society persisted, we had to cancel that society. They passed a resolution protesting against the order stating that he is the very man they wanted. He was the man for their money; but he took it himself. I really want to know whether any rule or any by-law to societies is recommended by this resolution, which would cover this purpose. I do not know whether we are to deal with societies which elect as their chairmen men who are corrupt. The other alternative would be to make a rule so that the Registrar shall have power to remove a man so elected. That is also open to some objections. Whatever it is, the intention must be made clear. I think it would be desirable to alter the introductory portion of the resolution in such a way as to leave it to the Registrar in consultation with the Institute to give effect to the principles underlying the resolution.

*Mr. R. M. Sans*: I accept the suggestion to so amend the resolution as to make it a recommendation to the Registrar to modify or amend the by-laws in the light of the resolution. As regards the creditworthiness, I am prepared to accept the suggestion of Mr. Lalubhai and put it in the resolution:

"That wherever the figure of creditworthiness falls below the figure of total normal credit, the amount of normal credit to each member must be cut down *pro-rata*;"

in order to make the resolution more clear. It is not so very necessary to accept these amendments, because the creditworthiness of a society has really not much to do with the normal credit. To a great extent it depends upon his character, upon his holding and upon the expenditure he may require for agricultural purposes. For the present, the practice is that if the normal creditworthiness is assessed at 3 lakhs, the normal credit advanced amounts to Rs. 50,000. But still to make the matter clear, I accept the suggestion made by Mr. Lalubhai. As regards the point of "not being a persistent defaulter," I accept it, because we do not lose anything thereby. There are very many things given

about the conduct of society; and if it is desired that the one-tenth liability should be inserted, I accept it; but I consider it redundant. I have accepted also that the Registrar should be requested to modify and amend the bye-laws wherever necessary and I hope he will do it.

The other objection that was suggested by Mr. Rajadnya was that the loans should be given for productive purposes. It is already in our bye-laws that the loans are to be given for productive purposes, that so much amount of the working capital ought to be given for productive purposes and the other amount for non-productive. I think one-fourth and 3/4 ths are the limits fixed even for the present; that for marriages and other things not more than one-fourth should be given, and for productive purposes it should be 3/4 ths. So it is not necessary to put down anything.

As regards the penal clause in respect of members of managing committees not attending meetings or who would go to the length of having brought against them court proceedings, we cannot suggest anything now. The new Co-operative Act will soon be on the anvil of the Legislative Council and this Act is going to be brought forward to meet the particular needs of this Presidency. At that time any discussion that may be necessary as regards this point will of course go on. The public will also be able to discuss the point, as also the members of the Legislative Council, and for this reason we have not suggested anything as regards this penal clause. What we have suggested in this that if any member is a persistent defaulter, if he allows himself to be sued against, if he does not attend a certain number of meetings he is not eligible to be elected as a member of the managing committee. The point is this: Mr. Rothfeld asked me "if such a man is elected what will you do?" I will not pay him the money. The Central or District Bank will not pay him anything. The society at fault can be threatened with disaffiliation. These are the remedies in our hands already. According to the present Act, these are the remedies which can be suggested and which will be taken in hand by Unions and Central Banks when having a close supervision over the societies.

So I think the resolution as modified ought to meet with your approval.

*Rao Bahadur S. S. Talmaki:* I would request that the resolution as modified be read out to the Conference.

*The Honorable Mr. C. V. Mehta:*—Before we proceed with this resolution, I think, it is desirable that a resolution of this importance should be understood by most, if not all, of the gentlemen who are present here at this Conference. I would therefore request Mr. Sane to give in substance this resolution in Marathi. I think that will be understood by the Gujarathi members as well as by the Kanarese members. We cannot have it in every vernacular, but as the Marathi-knowing members are in majority here, I will ask Mr. Sane to explain the resolution as modified in Marathi, and then it will be put to the vote and not before.

Mr. R. M. Sane then explained in Marathi the objects and the effect of the resolution as modified.

The resolution was afterwards put and carried.

*Rao Sahib K. R. Walvekar:*—The resolution which I have to move now was passed by the Subjects Committee which dealt with two questions; one with regard to whether a person should be made a member or should be allowed to become a member of two societies operating in the same area, and the other is whether he should be allowed loans in more than one society. The other matter considered was whether there should be a monetary qualification for the directorship, whether a person who wants to become a director should be required to hold a certain number of shares.

With regard to the first, there is already a resolution of the Provincial Conference of this Presidency to the effect that there is no objection to a person becoming a member of more than one society working in the same area. Now there is also a resolution by the Dharwar District Conference that a person should not be allowed to become a member of more than one society. In this state of things the question arises now whether this question should be reconsidered by this Provincial Conference, but the Subjects Committee have come to the conclusion that they should not reconsider the question, unless the Conference of the Urban Banks considers the question first. It is better in the interest of

all the urban banks, that this question should be considered by them, because there is already a practice in some societies to allow a member to become a member of another society; and they think it is the concern of the urban banks first to see whether a member of one society should be allowed to become a member of another society. Unless that Conference considers that question, it is not much use our considering this question here. So the Subjects Committee are of the opinion that for the present this question should not be considered by us here.

As regards the other question whether a person should be allowed loans in more than one society, the Subjects Committee think that this matter should also be considered by the Conference of the Urban Banks and that after they consider this point, it should be brought forward before this Provincial Conference, because there is this practice also in some of the urban banks.

With regard to the second question whether there should be a monetary qualification for a directorship, the opinion is divided on this point as in some societies there is a bye-law to this effect that a director should hold a certain number of shares. In some of the urban banks there is a bye-law to this effect. So the Subjects Committee think that this point should also be considered by the Conference of the Urban Banks first; and then this subject should be brought before the Provincial Conference and its Subjects Committee. They now hold that these subjects should not be considered by the Conference, but should be left to the urban banks. I therefore move that the consideration of these two questions be held over until they are considered by the urban banks.

*Rao Bahadur S. S. Talmaki:* I think there is some misunderstanding, from what Mr. Walvekar said. The resolution runs to the following effect :

"Subjects under (a) and (b) were considered together and it was found unnecessary to recommend any definite resolution to the Conference as the subjects may be dealt with by the urban banks themselves."

No reference is there made to any Conference of urban banks. No such conference is held. So far as I know from some of the members who sat on this committee, these subjects were considered to pertain to the internal arrangement of the societies and the societies themselves are in the best position to consider these questions and solve them. I do not think that the resolution is worded in the manner in which Mr. Walvekar has expressed it: that the subjects should be considered in a separate conference of urban banks.

*The President:* I do not understand Mr. Walvekar to say that he wanted a conference particularly.

*Rao Saheb K. R. Walvekar:* There was a talk of it in the sub-committee.

*The President:* You do not want it in the resolution ?

*Rao Saheb K. R. Walvekar:* I only gave out what passed in the subjects committee.

*The President:* It is merely a report : It won't require any seconding. Let us take the next item.

*Mr. B. V. Jadhav:*—Mr. President and fellow co-operators, the resolution I have the honour to propose is worded thus:

"This conference is of opinion that as the system of Unions is necessary for co-operative supervision and control, the existing Unions should be continued and improved, and fresh unions should be started wherever possible."

Mr. Rothfeld in his remarks on the first resolution has expressed some doubt about the utility of these unions, and a circular has been issued that the guaranteeing powers of the Unions should be withheld from them and that henceforth new Unions with only supervising duties should be registered. There are about 60 Unions in the Bombay Presidency, and these sixty Unions may be classed under three heads,—good, bad and indifferent. I do not know how many are good, how many bad, and how many indifferent. But there are some good societies, which show that the indifferent societies can be brought up to that level. The system of unions is a natural system. As the society is composed of individuals, so a union is composed of societies. That is a natural growth, and if co-operation is to take root and flourish, then I think the power of supervision and control should be in the hands of the societies themselves. That will teach them self-reliance and self-help, and co-operation is nothing but self-help. Co-operation is a protest against exploitation, and if

supervision is handed over entirely to outside societies or outside banks, then I think there is the danger of the societies being exploited by the Central Banks. It has been found many a time that although the central banks were started on co-operative principles, still many of the officers of the Central Banks are sometimes in the habit of assuming airs and rather managing or supervising the societies with a rod of iron. I have come across certain cases, and there have been some complaints against that habit. But the evil is not a very great one, and it has not grown into a very great evil. I am glad to know that steps are being taken to keep it under check, and so I do not want to say anything further on that point. The best remedy will be to improve these unions which are a natural growth, and when these unions are improved and they are taught how to supervise and control, then I think the prosperity of the movement will be assured.

Now-a-days the Agricultural Department and the Co-operative Department are trying to work hand in hand, and for that purpose organising societies are being registered. That is a new venture, and I think many of them have not even begun work, and at this time it will be rather premature to say what they will develop into. Whether they will be completely suitable for the work they are intended for, or whether their bylaws will be for agricultural financing and to the prejudice of the co-operative movement, or whether they will be able to devote equal attention to both sides,—that has to be determined hereafter. I do not think that the control and supervision of co-operative societies should be handed over to outside associations at this time. Therefore, the committee has approved this resolution unanimously. This is a corollary to the first resolution which says, wherever unions exist, the supervision and control of the assessment of normal credit should be given to the unions. This is a development of that resolution, and says that the Unions already existing should be strengthened, and new Unions should be started wherever they are not in existence. With these words I commend the resolution to your acceptance.

*Mr. B. F. Madon:* Gentlemen, I have been asked to second this resolution, and in doing so I will explain to you why we have brought this forward. We have been told that after a few years' experience of Unions, the Department has come to the conclusion that these Unions should be thrown over, and something entirely new should be tried. Now it has been my feeling, with what experience I have had of loans to co-operative societies in the past few years, that the real scrutiny of the assets and needs of a cultivator can be made by a fellow cultivator, who can understand problems of that sort. It is no use telling a city man or an official to assess the needs and requirements of the cultivator and to tell us that his figure is right or that it is wrong. The fellow-cultivator, at once, without having to go through the books, without going into figures, he would from his own past experience almost intuitively say that his land is of this quality or that quality, that its area is so much, that the cultivator's needs are so much. And that cultivator's opinion I personally would hold much higher than my own. What do I understand about cultivation, and what authority can I command when I say the loan required by cultivator A in a taluka 500 miles away is proper or improper? My feeling therefore has been that we should not throw away the valuable agency of the unions, which really is supervision by fellow cultivators of the needs and requirements of other cultivators. I do not believe in outsiders either understanding them or assessing them correctly. We have in the co-operative society a body where several members come together to help one another and to be responsible for one another's debts. I think the Union is the most natural development of that body. Instead of the ten members of one society, the forty members of four societies come together; and they express their opinions on the requirements of each of the societies of the Union. They say that the figure asked for is correct and that so much loan should be given. And then, what is more important, after saying that the amount of loan required is a reasonable amount for the particular cultivator, they certify the character of the person. What is much more important to the central banks is the character of the individual. It is impossible for the District Bank, and much more impossible for the Provincial Bank. Because how are we to know the personal character, the moral character of every borrower in the society? How are we to say that A or B is a man who will carry out his engagements? It is the fellow cultivators who meet him every morning who would be knowing everything about him. They will know from his fellow villagers how he has dealt with them. If these Unions after scrutinising the loans required by a society tell us that the figures put down are reasonable—that is one part of it—and if they further say that the borrower is a desirable man who would



carry out his engagements, I think, it is pretty good assurance to the distant District or Provincial Banks who have ultimately to lend the money.

It is no doubt argued that the Central Banks or the Provincial Bank could do it through special inspectors. I may tell you, gentlemen, that if I have to do the work of inspection, I myself would feel doubtful about my capacity; because you cannot assess correctly without knowing the life of the individual or his family, without knowing what he is doing from day to day, whether he is extravagant or economic, whether he is a fool or a wise individual, or whether he is a good businessman or a bad businessman. These circumstances cannot be ascertained by any single inspector of a bank. And unfortunately, situated as we are, the banks cannot even afford to employ highly paid inspectors. So, my feeling has all along been that if we lend money to the rural societies, it should be only to people about whose character we have an assurance from people that know them that the amount required is reasonably required for cultivation and other productive purposes, and that it will not be wasted. If we have such an assurance, then we can go ahead and lend the money. So, I think it would really be a pity to do away with this valuable agency of the Unions which, as Mr. Jadhav has pointed out, is the most natural development from the first days of the societies. As I said if three members can be made responsible to one another, why should not the Unions be made responsible for the whole lot? I would have certainly welcomed the continuance of the past practice. I do not think it is illusory; because if it is so, then the present constitution of societies is also illusory. In the society, the liability is unlimited. Each member would have all his property sold by auction if fellow-members fail to carry out their engagements. It is perfectly possible that, in the present state of education, when more than 95 per cent. of the people do not know how to read and write that the members are not aware of the responsibility that they are taking. But I am glad to say that in the proposals coming before us a great number of societies seem to thoroughly understand their responsibility.....

*Mr. O. Rothfeld*: I rise to a point of order. Is this really relevant?

*Mr. B. F. Madon*: If the Chairman thinks I am out of order, I will stop. I am only explaining why the Unions should be continued. My point is that although we have such dense ignorance in the cultivating classes, we do find members of societies, in considerable number, understanding their responsibilities and carrying them out. The Unions merely mean a conglomeration of these societies. What right have we to say that when ten men become forty, these forty will not be able to understand their responsibility and will not be able to carry it out? So, I would put responsibilities on them. I would make them guarantee and I would take their recommendations as regards the loans and the purposes for which they are to be given and the character and the standing of the body. That is why this resolution is placed before you, that we should not do away with the system of Unions, but should continue them and try to improve them, and I hope you will see your way to accept it.

*Mr. O. Rothfeld*: Sir, I would commence by pointing out a misprint; this has been headed "Urban", whereas of course it ought to be "Rural". However, what I really regret very much is that apparently (I am told by the Secretary of the committee) the committee did not take the trouble, or had not placed before it—I do not know which—the papers dealing with the whole subject of Unions. I cannot understand myself how some of the gentlemen on the committee who, I know were present at last year's Conference did not themselves remember the fact that the whole subject had been fully dealt with at last year's Conference, and that decisive instructions were given at last year's Conference with regard to it. Apparently, the question has been treated as if it were a subject *de novo*, and it has been treated without sufficient knowledge of the facts of the subject. The result is a resolution which, if this were the Legislative Council, would at once have been ruled, and not allowed to be under discussion as being meaningless. The resolution, as it is drafted is meaningless in relation to the existing facts. Moreover, it is a resolution which, strictly speaking is *ultra vires*, or would be so in any assembly which had a more definite constitution than this conference, for the simple reason that the very thing has already been decided within a very short period of time. I would request members of committees in future conferences to try to realise that no subject is put before them which has already had some previous discussion, and ask them to make some endeavour to get placed before them



relevant papers before they pass their resolutions. One result, which I greatly regret, of the procedure which has been apparently followed in this committee is that we have had to listen to a very long and eloquent speech by a gentleman who, as a rule, speaks extremely to the point, on a matter which, in this particular instance, is absolutely irrelevant. I would like to point out first the resolution of last year's Conference. Last year's Conference passed the following resolution on the subject of Unions :

"That this conference recommends that a committee be appointed to consider and report to the Registrar and the Institute within three months on the desirability of having Supervising Unions in addition to or in supersession of Guaranteeing Unions."

Accordingly, a committee was appointed including the Honourable Mr. Lalubhai, Dr. Mann, myself and others.

*The Honourable Mr. Lalubhai Samaldas* : I do not think we met.

*Mr. O. Rothfeld* : The point is that at last year's Conference this subject was dealt with, and last year's Conference was very much against having Unions at all, and a resolution was passed to that effect here, but it was decided that the matter should be referred to a committee. This committee met and made a report, which was published by me in a Circular dated the 29th May 1923, and the committee made very definite recommendations on the whole subject of supervision, distinguishing carefully between Guaranteeing Unions and Supervising Unions. Apparently, Mr. Madon does not realise that there is more than one kind of Union.

*Mr. B. F. Madon* : I do know it.

*Mr. O. Rothfeld* : I find no reference in his speech to the fact either that there had been any discussion or there had been any decision.....

*The Honourable Mr. C. V. Mehta* : Will the Registrar kindly go on with the resolution

*Mr. O. Rothfeld* : The committee carefully distinguished between Guaranteeing and Supervising Unions and also went into the question of other alternative agencies, and the purport of the committee's decision, accepted by the Registrar and the Institute, empowered by the conference to deal with the subject, was that no new Guaranteeing Unions should be registered, and that Taluka Co-operative Agricultural Associations would form an adequate alternative system for providing necessary supervision, and that where such Associations exist or are likely to exist, no other supervising body should be formed. The resolution as it is now moved is a vague resolution, saying that the system of Unions is necessary—What unions is not indicated. The resolution also says that existing Unions should be continued and improved; that has already been decided. It also says that fresh Unions should be started wherever possible; whether Guaranteeing Unions or Supervising Unions is not stated. There is no consideration at all of the question whether they are to be taluka or other unions. The elementary points of the whole thing have not been considered, and we have a resolution put before us which, if carried, would be meaningless and can only at best lead to confusion. I must therefore strongly oppose the resolution, not so much because the particular point it deals with is the question of unions, but because I feel it is only right that the Conference should ask that its proceedings should be business-like, and that its committees should pass resolutions after fully weighing all the relevant facts and they should be worded in a clear and definite manner. If the Conference is to be, as I hope it will be in future, a Parliament of Co-operation carrying due weight with Government and with the public, it is essential that those requirements should also be considered. I would like, however, to end up by quoting what I have written in the Annual Report about Unions, so as to give a further idea of what the position really is, apart from the technical or constitutional position. The Annual Report says:

"The system of Guaranteeing Unions has been very fully reviewed and investigated during the year by the Provincial Bank, the Institute, and the Registrar. The Provincial Conference pronounced itself on the whole against the existing use made of such unions, but referred the question for definite recommendation to a special committee. This committee has now reported and has expressed its view that existing Guaranteeing Unions should be allowed to continue as far as the people desire, but that in general lump credits should not be given to them, but the credits should be sanctioned separately for each constituent society; that on the other hand, new Guaranteeing unions should not be formed, but instead

of them, Unions for purposes of Supervision only should be organized, especially in talukas where there are no Taluka Development Associations registered under the Act and there is no likelihood of such Associations being formed in the near future; where such associations exist, it is hoped that they will be able to undertake necessary work of supervision. It has, I fear, got to be admitted that Guaranteeing Unions in this Presidency have not proved a success as they apparently have done in Burma, and that the facilities for borrowing given by such unions, together with the illusory nature of the linked liabilities supposed to be taken by them, have tended to decrease the sense of individual responsibility and to lead to an increase in overdues. The problem of internal supervision still remains acute; and I cannot say that I feel any certitude that either the new Supervising Unions or the Taluka Development Associations will do all that is required in the matter. The fact is that it is extremely difficult to find any unpaid workers in this Presidency, who are content to do persistent and continuous detailed supervision and inspection of a kind which secures little applause or public recognition. I hope, however, that as the need for supervision is now more recognised, Unions and Associations of the new type may perhaps be more effective than the Guaranteeing Unions have so far shown themselves to be."

I trust the position is now fully clear, and I hope Mr. Jadhav will withdraw his resolution.

*Mr. Vaikunthrai L. Mehta* :—Sir, as a member of the committee which drafted this resolution, and which has submitted it to the Conference, I think a word of explanation is necessary in regard to the negligence of the committee, which the Registrar has dealt with. I might say that the subject-matter before the Conference was whether it is necessary for all societies to get themselves affiliated to the Unions. Naturally, when this subject came up for discussion, the first thing that struck us was the resolution adopted at our conference last year; and I myself placed before the committee the report which was submitted to the Registrar by the committee appointed last year. At any rate, I know that the report was printed and placed before the Conference. It might be that most of us had not had time to go through the report. The gist of the chief recommendations was this:—That the existing Guaranteeing Unions should be continued; that these Guaranteeing Unions should act as supervising bodies: that is one recommendation. The second recommendation was wherever possible, Unions should be started. Thirdly, it was recommended that Guarantee Unions should be started; and fourthly, if it was possible, the Taluka Agricultural Committees which were then started in some places, which were willing to do the work and which were working under the Registrar should be entrusted with the work of supervision. These are the recommendations of that committee.

After having given that explanation, I wish to add a few words on the subject-matter of the resolution. I was extremely surprised at the opposition shown by the Registrar to this resolution; because I think if it is read in the sense in which it ought to be read, it is merely a confirmation of the policy, which was recommended by the committee itself. The existing Unions are of a Guarantee type. I think the Registrar seemed to suggest that the committee did not recommend the formation of Guarantee Unions. I do not think either the committee intended or it is desirable for the Conference to suggest that there is no need to start Supervising Unions. We say that a system of confederation of societies to supervise and control is necessary. That has been accepted unanimously by co-operators.

*The Honourable Mr. C. V. Mehta* : I think the Registrar has raised rather an interesting point. I do not think it is competent to the Chairman of a Conference to reject the discussion of any question which has been decided at a previous Conference, there being no rules as regards the constitution or the procedure of this Conference. But there is this fact. In this particular case, a committee was appointed by the Conference last year to report to the Registrar and to the Institute. A report was made accordingly, published in May 1923 and circulated to the conference for the first time yesterday. That committee and Conference had so much respect for the Institute as to want to know what the views of the Institute itself are on the question. The resolution of the Conference was sent last year to the Institute. It appears, gentlemen, that either the report was not considered or that the report was considered and no report made. The conference is not now in possession of the views of the Institute on the matter. Last year's resolution of the Conference was to send the report of the committee to the Institute. I do not think we should

proceed with the consideration of this item, until the Conference is in possession of the views of the Institute. Therefore, I think it would be fairly dealing with the Institute, if the Conference postpones the consideration of the question, when it does not possess the views of the Institute on the matter. I suggest therefore the consideration of this question may be postponed to a future Conference. I do so especially on account of the fact that in the report of Sub-committee No. V, the first resolution is as follows :

"This Conference appoints the following Committee to examine the existing system of the supervision of societies, to define the kind and extent of supervision to be undertaken by the Institute, to make suggestions for ensuring such supervision, and to report to the Institute within two months. The Standing Committee of the Institute should be authorized to take such action on the report as it deems necessary.

The Committee to consist of the following:—

- |   |                        |
|---|------------------------|
| 1. The Vice-President of the Institute. | 2. Mr. F. T. Nalavadi. |
| 3. Rao Bahadur A. U. Malji.             | 4. Mr. S. L. Apte.     |
| 5. Mr. Abdul Razak Deshmukh.            | 6. The Registrar.      |
| 7. Mr. V. L. Mehta (Secretary)."        |                        |

I take it that it would be covered by the resolution of Sub-committee No. V. I therefore think we had better postpone the consideration of this resolution to a further Conference, when the report of the Institute will be before it.

*Rao Sahab D. P. Desai:* Mr. President, Brother Delegates, the resolution that I am glad to move runs thus:

"This Conference considers it the duty of Government to help Agriculture by guaranteeing loans to the agriculturists at a rate not exceeding its own borrowing rate."

This resolution involves about 4 issues. We have to consider first whether the interest on loans required for agriculture should be low, whether long term loans are required to be advanced to agriculturists, whether State Aid should be asked for, and whether larger amounts than those already in the possession of co-operative societies are necessary.

Taking up the first issue,—whether the rate of interest should be lowered,—I would just like to point out that in all countries the interest rates are not so high as prevail in this country. In Denmark the interest is 2 per cent; in France it is 5 per cent; in the United States of America it is 6 per cent; and perhaps lower in some places. Here the rate of interest on loans advanced by capitalists to agriculturists is from 10 to 12 per cent, while the Marwadi charges 15 per cent. Thus the agriculturist is thrown into the clutches of the Marwadi; but at the same time thinking that the co-operative method is beneficial, we throw the agriculturist into the hands of another Marwadi, the co-operative movement. That is how I take the present interest rates prevailing in the co-operative movement. With this preliminary statement as regards this first issue, I leave it to the good sense of the Conference to consider the suggestion.

Taking the second issue as regards long-term loans, I am sure my agricultural friends will agree with me that agriculture is the only business which requires long-term loans. Unfortunately we are governed by a nation who are engaged in commerce. The period for which loans are being advanced to the agriculturists is not considered either by Government or by the Conference. Short-term loans are generally advanced to agriculturists. Long-term loans are necessary for carrying out improvements in agriculture, for writing off the old debts incurred at very heavy rate of interest. Personally I attach much value to improvements, for by improving the lands we can increase the output by two maunds annually per acre, which will go to increase the capital from 50 to 70 per cent, which will increase your trade and industries. That is the only right direction in which you can develop your country.

Now, if you are prepared to believe that the interest rate requires to be lowered and that long-term loans are required to be made to the cultivators, then the third issue will be clear to you that these two issues would only be achieved by Government help alone. Looking to the progress of the co-operative movement, I could just find that the agricultural capital lying with the rural societies is in the neighbourhood of Rs. 1,74,00,000 that is, less than Rs. 100/- per head. It is a very small capital with which no permanent improvement

could be made, as it does not suffice even for the working capital of an average farmer and it falls far short of his requirements. So it goes without saying that the capital at the disposal of the co-operative movement at present is so little that some other sources must be tapped; and if you can say that interest rate also requires to be lowered, then in this country the State is the only party that can help in lowering the interest rates. In this matter this country would not be the only country that would be working for State help. Practically it is no State help at all. It is your own money and you are getting it back from the State. However let us say for the sake of argument that it is State help and that State help is not required, because it is contrary to the very principles of co-operation to ask for State help; then I should say that even in the best of the countries, most civilised countries such as France, Germany, Austria, Italy, Spain and the United States of America, Governments of all these countries help their co-operative movements substantially either by guaranteeing the bonds issued by the co-operative institutions or by actually issuing capital or by actually advancing loans to these co-operative institutions, while we are the only country in which it is being taught—assiduously taught—that State help is against the principles of co-operation, that spoon-feeding is against the principles of co-operation, and we should shun that and we should try to stand on our own legs. Now, I put before you the problem of an indebted agriculturist. He has no money in his pockets, his field is mortgaged to various landlords, and (with due deference to our worthy president) due to deplorable landlords his credit with the outside world is damaged. He comes without anything in his pockets, the value of his property is practically dwindling, and in that condition,—if you can just imagine his condition at a time,—how can you advise him and say, “You are a co-operator; on the principles of co-operation you should stand on your own legs. Why should you require State help?” How can such a farmer bring any money to the society, if his property has dwindled in value and he has not a pie in his pockets, and how can you advise such a society to stand on its own legs and not to ask for anything from Government? That would be a mockery and an insult to that self-respecting society. I would rather consider that the Government, which claims to be the supreme landlord in this country (of course that claim is put forth by Government, it is not accepted by the agriculturists of this country), but considering that the claim of Government as being the supreme landlord of the agriculturist class in this country were true, then it is their duty to advance, like an ordinary landlord of our country, huge amounts to the agriculturists at a very low rate of interest; and if necessary, and when they find that the agriculturist is going from bad to worse, just as an ordinary landlord writes off his deficit or loss, the Government also should do the same. Apart from all that, I am not going so far as to advise Government, because I have to accept the resolution as it is worded, though of course I am sorry to say that it has been accepted only as a sort of a compromise. I have however accepted it as it stands. I will request you that the Government have simply to guarantee the mortgage bonds or the loss that might actually issue to the agriculturists; because this guarantee is to be extended on the strength of their own property and if they will appreciate their own property in this fashion, then there is no other gentleman or banker who will advance any sums on the strength of the property held by the cultivators. So what this resolution asks is guaranteeing the loans advanced to the agriculturists, but while guaranteeing the losses, there will be some loss, a slight loss however little it may be, but there will be some loss. Supposing Government were to guarantee to a particular District Bank that the loans issued directly to the cultivators shall not exceed the rate of  $6\frac{1}{2}$  per cent., which is at present the Government rate of borrowing, the District Bank has to bear every expenditure incidental to that and there will be some loss to that bank; but how to write off that debt or how to write off that loss incurred by the District Bank or for that matter, the Provincial Bank? I would suggest, though of course it is no business of mine to suggest ways and means to a Government having a large army of experts, that they have got their savings banks deposits, the deposits made by the agriculturists themselves or the deposits made by district people or mofussil people themselves. They can very well use those deposits to write off such loss. Again, there is a very big hoard in London at a very cheap rate of interest and that hoard belongs to these agriculturists. Our present Government may request the India Government to have a part of that hoard used for the services, used for the advantage and uplift of agriculture in this country, but all these are matters to be looked into by the Government and not by an ordinary layman like myself.

Now, I think I have touched all the four issues and I place the resolution, Gentlemen, before you, and I would earnestly request you to support the resolution as it stands; and I



fear there will be some criticism, but of course I shall reply to any criticism that may be made. The resolution has been the outcome not of my views, but of the views of a District Conference and of a Divisional Conference; and it has been brought to the Provincial Conference, with a view that this Conference pass this resolution and force the hands of your members in the Legislative Council. Such a resolution was brought before the Legislative Council some time back; but as it was not supported by public opinion of this Presidency, it was not well received by Government, and of course the mover found out the easy means or rather the only means of working through the public opinion of this Presidency; and as you form the public opinion of this Presidency, I have placed it before you in the full hope that you will carry this resolution as it stands and with this request I just put the resolution before the Conference and resume my seat.

Mr. B. V. Jadhav, addressing the Conference in Marathi, supported the Resolution.

*The Honourable Mr. Lalubhai Samaldas:* Mr. President, the resolution consists of two proposals. The first is that Government should guarantee loans to agriculturists at a rate not exceeding its own borrowing rate. As Mr. Dadubhai has rightly stated, we all want the want that. But lending rate to members of societies to be reduced. We all the question is, who is going to lend the money? Mr. Dadubhai said that Government should lend the money and not make any profit out of it. I do not think Government intends to make profit; but they cannot lend at their own borrowing rate. They have to include all expenditure they incur in raising the loan, then the likely loss, the brokerage and the cost of keeping accounts and all that. Therefore it is not fair to ask Government to guarantee loans at their own borrowing rate. As Mr. Dadubhai said, the State's money is our own money; and when we ask Government to pay money to the societies, we are practically asking them to take our own money and pay it back to us. Therefore there is no use in our asking them to pay the money.

You have been good enough, Sir, to give an amount of five lakhs of rupees from the Government. We have got that as a nucleus. We get every year five lakhs of rupees for agricultural improvements. I believe Mr. Dadubhai wanted special provision to be made for agricultural improvements. The five lakhs was sanctioned last year, but the Provincial Bank could not accept it for certain reasons; and the Provincial Bank and the Registrar have been in communication, and now we have got five lakhs of rupees every year. Till now that money has sufficed for our purpose. It may be that later on when this thing is more and more widely known, there will be more money required. But for a year or two more, I do not think we require more money for the co-operative movement for agricultural improvements.

The other object which Mr. Dadubhai has is easy credit for long term land mortgage. That also is a subject we discussed last year and we appointed a committee to consider the whole question. The committee had the scheme examined, and you, Sir, were good enough to allow us the services of one of your men, Mr. Patvardhan. An enquiry was made; and the committee met thereafter and discussed the various points and we have now sent to the Registrar certain proposals for modifying the circular issued last year for giving loans on land mortgages. The Provincial Bank has set apart two lakhs of rupees. Till the need is greater, we need not approach Government.

Then the other object is the actual financing of the Banks. We may require more money, and we do want Government to help us, but how to approach Government is a matter which requires consideration. In connection with this matter, I may draw attention to what passed in the Council of State last year. At the time when the Finance Member introduced the budget, he stated that he wanted to tap as much local capital as was possible by offering greater facilities for investment, by post office savings bank and other channels. I said "Very well but this means you are competing with the co-operative movement, for which we want cheap capital. If you are offering greater facilities and drawing out the money which will come to us, you must earmark some portion of that money for the co-operative movement." The Finance Member did not reply to it publicly; but he told me privately that he would be prepared to help the co-operative movement from Government money. Two years ago, when the Imperial Bank Act was introduced, a proposal was made that the Imperial Bank should lend to the co-operative movement as a matter of duty. Sir Malcolm Hailey said he would not make it obligatory on the Bank to lend money, but he would make it a policy of the Bank to lend money to the Co-operative Banks. All these



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points require consideration. It is no use going to Government and making vague recommendations. It is much better, therefore, that the Conference should appoint a committee and have Mr. Dadubhai as a member of it, if he wants it. If the Conference is not at present prepared to appoint a committee, I am prepared to undertake on behalf of my colleagues that the Provincial Bank will very carefully consider this question and will be able to accept the help of Mr. Dadubhai or Mr. Jadhav to prepare a scheme to go to the local Government or the Central Government with definite recommendations, to get money from them at a reasonable rate of interest. I do not want the Conference to suggest that the rate of interest should be the rate at which Government borrow, but it should be as low a rate as possible, so that we may help the co-operative movement as much as possible. That I think would be the best solution. If Mr. Dadubhai agrees, and if he is prepared to withdraw his resolution, I am prepared to give an assurance that before the next Conference meets, the Provincial Bank will have an informal committee, of which we shall have as representatives Messrs. Dadubhai and Jadhav and any other gentlemen, and with the assistance of the Registrar, we shall carefully consider the whole proposal and then make a definite recommendation to this Conference. I think it would be much better to go to the Government with definite proposals than to go to them with general and vague recommendations.

I am in entire agreement with him as regards the second proposal. We do want Land Mortgage Banks. But the question is whether it should be for the whole country or for the whole province. All these questions require careful consideration. If Mr. Dadubhai agrees, I will move :

"This Conference asks the Provincial Bank to appoint a committee to consider the question of long term credit to agriculturists through the co-operative movement and submit its report for the next Conference."

*The President* : Gentlemen, the mover of the resolution accepts this amendment, I understand.

*Rao Bahadur G. K. Chitale* : Mr. Chairman and brother co-operators, I am sorry for the amendment, and also for the illustrious personage who has brought it forward. I would maintain one fact, and it is this, that agriculture is the preeminent industry of the Presidency, which brings in to government almost or more than one-third of the revenue, which revenue increases by at least 8 per cent. a year. Now, in order to finance this industry, what have other civilised Governments done? I hope you have read and carefully digested the telegrams, which have been appearing in the daily newspapers for the last two days. It is stated that agriculture in England is going to dogs, and people are pestering the Government for finding more money for agricultural improvement. But in this country agriculture has been going to dogs for centuries, and, as a matter of fact, the agricultural population as a whole is living from hand to mouth; and I do not know why my friend Rao Saheb Dadubhai Desai, who is always full of confidence, has lost it altogether in this instance. After all what do we insist upon? We insist upon a principle. We co-operators as representatives of the agricultural classes make a representation to Government. We have a right to do so; and it is the duty of Government to listen to us. I would ask you, in the first instance to read the resolution. It is "This Conference considers it the duty of Government to help Agriculture." There is absolutely nothing wrong in it. Government must accept that position. If it does not accept it, no form of Government can exist for even 24 hours. Now, if that is the only proposition there, how does the Imperial Government or the Imperial Bank or other Governments come in? It is nonsense to say that, after the Government of India Act, the Imperial Government has any concern with this at all. I know it, you know it, and everybody knows it that under the Government of India Act there is a separation of functions. The Local Government, that is the Bombay Government is responsible for financing the agricultural industry of the Presidency; and everybody knows that it has taken over a large part of the takavi loan which amounts to about Rs. 3 crores, and which we are repaying at the rate of Rs. 20 lakhs a year to the Government of India. After this, there is no sense in saying that the Government of India has to be approached in this matter. I say no. I say it is the duty of the local Government, because we have been finding money out of our own revenues and paying off the old arrears of Rs. 3 crores by an instalment of Rs. 20 lakhs a year. I hope I have made it sufficiently clear that it is the duty of the local Government to help the agricultural indus-

try. Then, what does the resolution further say? We go a bit further, and on that there might be some difference of opinion.

*The Hon. Mr. Lalubhai Samaldas:* There is the rub.

*Rao Bahadur G. K. Chitale:* I do not know whether it is the rub. Anyhow, let us be straight. Let us not bring in the Imperial and other Governments in this matter. What do we say further? We say that the agriculturists require guaranteed loans so that they may improve the industry, and we also say that those loans should be given at a rate not exceeding the rate at which Government borrow. Now, I do not see why we should fight shy of such a proposition. We first enunciate that it is the duty of Government to help agriculture, and we further request the grant of loans for agricultural and other improvements at a rate at which perhaps Government may lose a little. I think there is absolutely nothing to be afraid of in that proposition too. I know the local Government gives money for several other objects at a lower rate—for medical, sanitary and other purposes. At least they used to lend the money to local bodies at such rate. There is, therefore, absolutely nothing to be afraid in going up to Government with such a request. What the Government will say is another matter altogether, and what the Legislative Council will say is also a secondary matter. What are you going to do? Are you not going to fight for the agricultural industry, which is the pre-eminent industry in this Presidency, and which has been on the decline for years? Referring the matter to a committee is no good, as it is a dodge for shelving the matter for years together. (Hear, Hear.)

I am not prepared to say that Government will not lose at all, but why should you be afraid of approaching the Government? I therefore think that the amendment must be rejected, and we must unanimously pass the original proposition, remembering that agriculture is the most important industry of the Presidency, and that it is the duty of Government to help it, which should be rendered in the shape of loans. You may have as many other things as you like; you may create Land Mortgage banks as in other countries, and you may create other institutions for particular purposes, so that you may not lose. But as a matter of principle, we say that it is the State which ought to come to the aid of the agriculturists who are suffering; and that has been the position accepted in other civilised countries. I would therefore strongly support the original resolution, and vote against the amendment. (Cheers).

*Mr. C. S. Deole:* Mr. Chairman and Brother Co-operators, I rise to support the resolution and oppose the amendment. But before I speak to the amendment, I should like to raise a point of order. It happens that the proposition has been moved by one member and seconded by another, and if another member proposes an amendment and the amendment is accepted by the mover, there the matter is finished. That is the usual procedure. But here, I want to bring to your notice that the mover of the resolution has not moved it on his own behalf. He moves the resolution on behalf of a committee. A committee was appointed by this Conference. That committee entrusted the resolution to a particular member and his business is to move it. He has no authority to accept any amendment, and I think the acceptance of the amendment by the mover is wrong. Therefore, your duty is to consider that the amendment has not been accepted by the mover. The mover of the resolution is really the committee which is appointed, and therefore the fact that was reported here by the Chairman that the mover of the resolution has accepted the amendment is not correct in point of fact. I say that the original resolution stands before you, and if you accept it, you will be quite in order.

*The Honourable Mr. C. V. Mehta:* I must point out that I have nothing to do with the relations between the committee and its chairman. The chairman of the committee was entrusted with this resolution, and I take it that the committee had enough confidence in the chairman to leave to his discretion as to what amendment he should accept. My duty here is to see whether a proposition is moved and whether the amendment is accepted or not. In this case, as a matter of fact, the amendment was accepted. Therefore, that is the proposition that is now before the Conference. It is one which was framed in the shape of an amendment, and it was accepted by the mover. It is open to any other member in its place remains the amendment.



*Rao Bahadur A. U. Malji*: On a point of order, I should like to point out that Rao Saheb Dadubhai Desai was not the chairman of the committee.

*The Honourable Mr. C. V. Mehta*: That only supports what I say. He was still asked to move it.

*Rao Bahadur A. U. Malji*: I want to ask whether the amendment can be the main proposition when it has not been seconded.

*The Honourable Mr. C. V. Mehta*: The mover of the resolution having accepted it, it is no longer an amendment, and does not require any seconder.

*Mr. R. M. Sane*: I was the chairman of the committee.

*The Honourable Mr. C. V. Mehta*: That does not matter. The proposition before the conference is the amendment moved by the Honourable Mr. Lalubhai Samaldas.

*Mr. C. S. Deole*: We have to accept the ruling of the Chair. We have before us the amendment and not the proposition.

*Rao Bahadur G. K. Chitale*: The original proposition is not lost.

*Mr. C. S. Deole*: I have to ask whether I can now move the original proposition again as an amendment to the proposition before the conference.

*The Honourable Mr. C. V. Mehta*: We cannot have propositions and amendments moved against each other time after time.

*Mr. C. S. Deole*: I would propose one solution out of the difficulty and it is this. The interests of the agriculturists are very important and very dear to us; and if you read the speeches in the Council when the Co-operative Act was introduced in 1904, you will see that it was mainly to relieve the agriculturists of their heavy indebtedness that the Act was introduced. That purpose, every one will admit, even the Registrar who is not present here will admit, has not been served. The agriculturists remain as heavily indebted even to-day, as they were in 1904; and if something has to be done for them, it must be done boldly. The amendment that has been proposed and most unfortunately accepted by the mover of the resolution only indicates a milk and water policy. The Provincial Bank is going to do something, and that will not help us much. What is wanted is a Land Mortgage Bank—a separate institution altogether. It will require huge capital, and the Provincial Bank will not be able to do it. If it does it as a subsidiary thing, it will be something which will not help us in any way at all. Therefore my suggestion is that instead of adopting this proposition, which will not help you, you had better not adopt any proposition at all. So, I would recommend that you should vote against this proposition.

At this stage, the Chairman took the sense of the Conference and decided to go on with the business till four o'clock, instead of adjourning for tea for half an hour, as originally intended.

*Mr. K. B. Bhadrapur*: I propose to move the following amendment:—

“Insert the words ‘by guaranteeing the rate of interest on loans raised by financing institutions’ for the words ‘loans to the agriculturist.’”

I shall make myself clear. The wording of the resolution is not quite clear to me. The mover of the resolution says that it is the duty of Government to guarantee the rate of interest on loans to the agriculturists. My amendment is that it is the duty of Government to help the agriculturists by guaranteeing the interest on loans raised by financing institutions at a rate not exceeding the Government borrowing rate. In that way Government will give financial aid to agriculturists; and the individual societies, which borrow money from the financing agencies will be free to determine any rate of interest they like.

*The Honourable Mr. C. V. Mehta*: I am afraid the amendment is out of order. The first reason is that I do not understand it; and secondly, it contravenes the ordinary procedure. In the first place no institution can borrow at a rate lower than Government's, and therefore Government cannot guarantee the interest of financing agencies. I rule it out of order.

*Mr. R. M. Sane* : (spoke in Marathi) : My amendment is :

"It is the deliberate opinion of the Conference that it is the duty of Government to make available for agricultural industry cheap and long term credit."

*Mr. R. N. Rajadnya* also spoke in Marathi, supporting Mr. Sane's amendment.

*Rao Saheb D. P. Desai* : A word of explanation is necessary from me under the circumstances. I shall first reply to Rao Bahadur Chitale. He referring to me remarked that I am losing confidence in myself. I assure him that I have no confidence in myself. A man has to lose confidence himself, if he has confidence in some one else superior to himself. A first and foremost co-operator in the Presidency told me that the matter should not be brought before the Conference, as it has to be threshed out before the officials not in the Presidency, but in the Imperial Government; because the working of the Savings Bank and other Institutions in London for the benefit of the agriculturists has to be discussed with officers of the Imperial Government. Then I suggested to him to formulate a proposal by which these matters may be discussed and placed before the officers, whether Imperial or Provincial. I shall have no objection to accepting an amendment of that character; and under this understanding, I stand subject to correction. I hope I am right. For the sake of compromise and nothing else, I have accepted the amendment as proposed by the Honourable Mr. Lalubhai Samaldas, so far as confidence in oneself is concerned.

Compelling our Government to accept this view is the next point; and I agree with Rao Bahadur Chitale in his request or in his statement that our Government has also to be compelled to take a particular view with reference to the co-operative movement that is going on, not only to look with sympathy but with some substantial help in the form of a substantial purse. I agree there; but unfortunately I know the finances of our Government also. If we compel our Government to accept that view (and I will be the first man as I proposed yesterday in the Committee), then our first duty is to compel our Government to simply hurry up the whole question. I have accepted the other view of compelling the Imperial Government to realise the position, to realise the public feeling on this question at least in this Presidency, if not in other Presidencies, and it is the Hon. Mr. Lalubhai alone who can also go to the Imperial Government and compel them to realise their position, compel the Imperial Government to actually realise the real state of the public feeling on the question of State help at least in this Presidency, as he happens to be our representative on the Imperial Council. That was another reason why I accepted the amendment; and of course I do say that I may be mistaken in my view. I may have erred in that; perhaps you may have carried this resolution as it stood; and you may have asked or requested the President to carry the resolution to the Bombay Government; and the Bombay Government may have replied in a strain that "you see that for years to come we cannot bring down our expenditure". Of course we have got different views in the Council itself; while there are some people who think they can cut down the expenditure of our Council by hook or by crook or by any means whatever; still there are others in a large majority who think they cannot cut down the huge expenditure of our Presidency. So in fact, even if we compel our Government to accept the view of this Conference that State help should be given to the Co-operative movement, even then the Government would not have been able to carry out the desire of this Conference for some years to come in my view. I may be wrong in this view; but this is my view. But failing the Imperial Government, we could have very well done and passed a resolution requesting our own Government, as I proposed yesterday. Of course even by compelling if there was no other course,—even by compelling our own Government to accept our view, even then their position is somewhat of course good; because if the Government may accept the question of State help, it will go rather a great way, even if it does not actually follow it up in practice. But when the Hon. Mr. Lalubhai came forward and asked me to take the matter to the Imperial Government, I just thought that was the right thing and he again asked me to convince him of the necessity of a reduction of rates of interest and of long term loans and of writing off the heavy mortgage indebtedness and so forth, then I said under these circumstances I should have no objection to accepting his amendment. As a workable proposition, I have accepted the amendment. While I thought in the absence of that suggestion on the part of the Hon. Mr. Lalubhai our proposition would have been simply as a sort of compulsion on the part of this Conference on our present Government, which of course would have been the right thing, had not the

Hon. Mr. Lalubhai brought forward his suggestion; but his own suggestion has come forth and when he is prepared to take it to the Imperial Government, which is the only Government to look into this affair, and which is the only Government which can directly come to the help of the agriculturists, as it has got the whole control over the institutions or over the places, from which we intend or desire to get funds such as the Imperial Bank or rather the Insurance Companies, that are doing a lot of business and sending money to foreign countries,—that is also in the hands of the Imperial Government—and Savings Bank deposits, and when all these subjects are under the control of the Imperial Government, it is far better that he should try with that Government how far he can proceed; and if he fails and he tells us that his trial has been of no use whatsoever, then we are here again next year to force the same view on our own Government, and try the instrumentality of our Government, and try the financial position of our Government, and to compel our Government to part with some amount or some sum from the Provincial funds for the purpose of the co-operative movement and for the purpose enumerated by me in the original resolution. So for delaying one year more, in my opinion, this Conference has lost nothing. On the contrary the question will be better discussed in the committee. The proposals of the committee will be forwarded to the Imperial Government or will be taken to the Imperial Government by the Hon. Mr. Lalubhai and then if his mission fails there, then it will be our concern to take it up again and compel our own Government to accept our view. That is my own position and I would request that the amendment as proposed by the Hon. Mr. Lalubhai may be accepted and with this explanation I beg leave to resume my seat.

*The Honourable Mr. C. V. Mehta:*—Ordinarily, Gentlemen, I should have put the amendment and the resolution to the vote at once; but in the absence of the Registrar and of any other official to explain the Government's point of view on this question, I feel myself somewhat in an embarrassing position; because I am here first as a co-operator and I may say almost entirely as a co-operator, and next as the Minister or Member of Government. Under the circumstances perhaps it is necessary to remind the Conference of the view Government have taken and the steps that Government have already taken to meet the wishes of the mover of the resolution in the shape in which he has moved it. What does the resolution ask? It asks the Government should help agriculture by guaranteeing loans to agriculturists at a rate of interest not exceeding its own borrowing rate. Now, in the first place the premier co-operative institution in the Presidency, namely, the Provincial Bank, issued debentures in addition to its share capital in order to start the co-operative movement going some ten or twelve years ago. The Government then did guarantee the rate of interest at which the debentures were issued. Take the case of the loans that are to be given now through the co-operative agency for land improvement and for debt redemption and for other purposes requiring a long term credit. Last year the Bombay Government agreed to give, as the Hon. Mr. Lalubhai pointed out, five lakhs of rupees a year at the rate of seven per cent, precisely the rate at which they were then borrowing. Then, take the assistance which Government have agreed to give for land improvement, for the appointment of a special officer, and for various other schemes which they have in view for the improvement of agriculture. I think it is unnecessary to remind Government that it is one of its main functions to take steps for the improvement of agriculture and it is necessary to guarantee loans which have been raised by the co-operative movement for the betterment of agriculture. I can quite understand the position of Rao Saheb Dadubhai Desai. He moved this resolution in the Legislative Council last year, and I am glad to say that his bark is always worse than his bite. He ventilated this question and I think I may join with him in expressing his disappointment that he did not find very much support in the Legislative Council. The reason was simple, that the borrowings of the Local Government are, as members of the Council are aware, already going into very large figures, some crores of rupees, and that it will be unfair, probably unwise, of the Legislature to put additional heavy burdens on top of those that the Government are already undertaking; but I need not remind the Conference that it is the first aim and the constant desire of Government to improve the lot of the cultivator in every possible way that is in its power; and that disappointment of myself as the Minister was that I did not receive the same amount of assistance which Rao Saheb Dadubhai Desai now asks, the same amount of assistance in getting grants for co-operative as well as for agricultural matters from the Council. They were very nice about it, they said the scheme was an excellent scheme but they were not willing to part with larger sums owing to need for retrenchment.....

( Rao Bahadur G. K. Chitale made an observation which was inaudible ).

*The Honourable Mr. C. V. Metha :* You can sugar the pill in any way you like, Rao Bahadur Chitale; but the fact remains that whenever extra funds were asked for, they were always opposed. This is however beside the point. The question is whether you will improve your position by passing the amendment which I venture to think is really a pious proposition and a pious hope. It is rather pious that is the best that can be said of this resolution, whereas the amendment puts before you something very definite; and I do not think it is altogether correct to say that the Government of India are not concerned in this matter. They are very largely concerned with this question of agricultural indebtedness and of loans to agriculturists, which run into crores and crores of rupees. The modest estimate for the Bombay Presidency alone has been something like 30 crores. You can then easily understand how many crores would be needed for the whole country. It is therefore desirable to have this committee appointed. Gentlemen, perhaps you will lose a year, but you get something very definite, that can be put before the local Government and the Government of India. And as the Provincial Bank wish to take a hand in this matter and appoint a committee including Mr. Dadubhai, Mr. Jadhav and Mr. Chitale, perhaps it would be best for the Conference as a practical measure to accept the appointment of the committee and to consider the question in all its bearings.

There is one little item of business, that is loans to housing associations, which Government have now been giving at the rate of 15 lakhs a year at six per cent interest, which as it was given last year you can well see at what a sacrifice it was on the part of Government. I think it is necessary not to delude the minds of brother co-operators to let them see that Government are as much keen as themselves in helping the movement as far as possible. But everything has got to be measured by the length of the purse, both of the local Government as well as of the Imperial Government.

With these words I will now put the amendment to the vote, if Mr. Sane wishes to press his amendment. Mr. Sane's amendment is :

"That it is the deliberate opinion of this conference that it is the duty of Government to make available for the agricultural industry cheap and long term credit."

Amendment was declared carried.

Amendment was then put as a substantive proposition and carried.

## Consideration of the Report of Sub-Committee No. II.

*Dr. Harold H. Mann—*We now get to the most essential part of the co-operative movement, namely that which deals with non-credit co-operation. And I might say, my deep conviction is that the co-operative movement will stand or fall by its success in organising non-credit co-operation. If it succeeds, the whole movement will be a success; if it fails, the movement will have only a brief existence, and will ultimately disappear. So far the co-operative movement in the Bombay Presidency, so far as I know it, has not been very satisfactory on the non-credit side. There have been many efforts made, many societies have been started; but many of them have failed, many of them have simply dragged on a very weak and feeble existence. The proposition, which I have to deal with to-day, is with regard to one phase of non-credit co-operation, namely that of co-operative marketing. Now, in the past very great efforts have been made; but with few exceptions, they have not been successful. There have been a few successes; but generally speaking we may say we have not reason to be very proud of our efforts in co-operative marketing especially. But there are one or two cases, which now demand very much wider attention than they have done hitherto; and it is in order to make development in those cases more easy and also to set the lines for the future that this resolution comes before you to-day.

About five years ago, Co-operative marketing of cotton began in the Southern Division. And between that time and now, I think about eight or nine cotton sale societies have been established. Now, out of these, two have been marked successes. In fact, I think they are by far the two most striking examples of successful co-operative marketing in this Presidency. Others have been very poor; some of them have disappeared, and none of them can be considered as very great successes. But when we look into this matter, we find that these two great successful co-operative marketing organisations in the southern part of the Presidency have certain features. In the first place they are situated at

the central cotton markets of the Presidency; and secondly they deal in a very large and substantial amount of business, which enables them to employ fairly highly paid managers; while those that have been established in comparatively small marketing centres have not been able to command any very large volume of business, and they have therefore been unable to employ first class trained commercial managers. The result is that while these two societies have been able to attract to them buyers from amongst the ultimate consumers, the smaller ones have not been able to do so. And the question has come to the front recently, as to whether these smaller societies ought not to be enabled to market their wares with the ultimate consumers, and whether they should not be combined into a federation which should enable them to take advantage of the far better marketing facilities which the bodies situated in the central markets surely enjoy. I entirely agree that the proposal made in the resolution is the proper way to meet that difficulty. Some of us look forward to the time when every agricultural and commercial product will have an organisation which will enable the whole of that product to be marketed to the best possible advantage; but that time is long distant. But in the meantime we think that this resolution suggests a line which will enable us to reach the desired end. The resolution reads as follows:

"In the opinion of the Committee the time has come, when Societies for the sale of their members' agricultural produce should be so linked up, that the members should not be under any disadvantage of being members of one particular local Society, whose area is limited.—While, therefore, retaining the idea of such local Societies, these latter should be considered as local Branches of a Central Marketing Association, representative of all, which should be able to arrange that the produce from every part of the area should be marketed to the best advantage. Such a Central Marketing Association should enable the whole of the produce of a particular type of commodity to be marketed through its agency on an equal footing for all the Societies.

The Registrar should be asked to draft By-laws for such Central Marketing Societies or Associations, suggesting what the relationship to the Branch Societies should be.

*Mr. A. C. Desai:* Gentlemen, I have great pleasure in seconding the resolution. Although many societies have been started, they have been rather stagnant for want of either trained managers or expert advice in marketing matters. In the Central Division, three or four societies have not been working on account of that practical difficulty. The usefulness of a central marketing agency can be best imagined, when we remember the analogy between the Provincial Bank and the smaller societies. The Provincial Bank was started as an apex bank, and it was not only able to help the credit societies, but also to advise them. On the same analogy, I say that this central marketing agency will be able not only to help small societies, that are now not working for want of expert advice, but it will also encourage the formation of new societies.

Therefore I second the resolution. I hope all of you will give your hearty approval to it.

Resolution was put to vote and carried unanimously.

*The President:* I think, gentlemen, it will now be advisable to suggest a time limit, considering we are only at the resolutions of the second sub-committee. I think 5 minutes to the mover and 3 minutes to the seconder would be enough.

*Dr. Harold H. Mann:* Mr. Chairman, I have now to deal with the second resolution of sub-committee No. II, over which I presided yesterday. It deals with the question of the co-operative supply of improved cotton seed. I need not read the resolution, because it is in everybody's hands. The question which came before us was as to whether we could not support the idea of separate cotton seed societies, and after very careful discussion, the committee came to the conclusion that the existence of separate cotton seed societies was not likely to be a good thing, and experience in the past in Khandesh and elsewhere rather tends to show that the supply of seed as the sole business of a society is not a very successful method of co-operative supply. Instead of that, our experience up to the present seems to show that the best way of obtaining good quality cotton seed is either by using the cotton sale societies as seed supplying agencies, or by using the co-operative credit societies, who would obtain seed on indent which can be met

either by the Agricultural Department or by private firms certified by the Agricultural Department. In the first method, the main question is one of finance. If the cotton sale societies were able to finance the work as heavily as necessary, then that would be an admirable method of getting the seed. Where they are not adequately financed, the most satisfactory method seems to be for co-operative credit societies to purchase the seed on indent on behalf of their members, which can be met either by the Agricultural Department up to certain limits, or from dealers certified by the Agricultural Department, or by Co-operative organisations.

I think we had a very large amount of experience before the committee, and I think you would find that this resolution represents the sum-total of that experience, and I have great pleasure in laying the resolution before you for your acceptance.

The second part of the resolution deals with a different matter. In fact, it is intended to make a second resolution of it, but I will deal with it now. The question of postponing the payment of instalments of land revenue, until at least a portion of the crops is sold, is one which often comes before those who are in touch with cultivators all over the Presidency; and the committee recommends, as you will see here, that in the case of late crops in the cotton growing tracts, the question of the dates on which the land revenue instalment should be paid should be so determined, as to allow the members of Co-operative Societies to realise at least a part of their crops, before they are called upon to pay. The Committee, however, is of opinion that when a Society applies for postponement of instalment of its members in any particular season, the Collector should be instructed to agree readily to such postponements, provided the society guarantees its punctual payment.

*Mr. B. P. Wagholkar:* Mr. Chairman, before I second the first part of the resolution placed before you, I would just explain certain very important points with regard to the actual facts. In the cotton growing areas, where the department have introduced certain varieties of cotton, which are most beneficial to the cultivators, the question of seed supply is of high importance, and as the supply cannot be undertaken by the Department, it must be managed by means of co-operation. During the last six or seven years, whatever efforts were done with regard to this question were the starting of co-operative seed supply societies about which matters were discussed in the sub-committee, and we have come to the conclusion that they were not so very successful, and now our efforts should be directed towards utilising the channels suggested in the resolution. How important this fact is to the agriculturists, I may tell you an instance of Khandesh cotton. In Khandesh the Department has been able to push on a variety known as N. R. (or Varadi) which pays the cultivator about Rs. 7/- an acre or more on an average. Now Khandesh has nearly 13 to 14 lakhs of acres under cotton, and the Department has been able to manage only for about 20,000 acres, and they cannot produce more. Now if any arrangements are made, as suggested, in order to have a sufficient supply for at least 3 or 4 lakhs of acres a year, you will see what a great benefit it will be to the cultivators from the monetary point of view. The second factor of importance is that even when the credit societies advance money, it is never expected that the cultivators do get a good and reliable supply of seed at a reasonable price. Experience shows that, in the first instance, they have to pay nearly 25 per cent. more price for the seed, and at the same time, whatever stock they get is always 25 per cent. less. So, naturally we find that if even the society pays about Rs. 10 per cultivator, it is a loser by nearly 50 per cent. Under these circumstances, I think the resolution put before you is really of very great importance, especially to the cotton growing tracts, and I hope you will pass it unanimously.

*Mr. S. G. Almoula:* Mr. President and brother co-operators, the resolution that has been put before you deals: firstly, with the supply of pure cotton seed to the agriculturists, and secondly with the elimination of the middleman, who has been robbing the poor agriculturist of his profit. As a matter of fact, it is the middleman who comes in the way of supplying pure cotton to the market, even if the agriculturist produces cotton of pure quality with the help of the pure seed supplied to him. It has therefore been proposed to start cotton sale societies, whereby the agriculturist and the consumer will be brought into direct contact with each other, thereby improving the ultimate growth of cotton throughout the country.

The second part of the resolution deals with a question that is of paramount importance to the cultivator, so far as his relation with the sowcar is concerned. If you

look to it, you will find that the second part of the resolution deals mainly with the payment of the land revenue instalment. In certain cotton growing tracts, it often happens that the date for the payment of the land revenue instalment is generally before the crop is ready and sold in the market. So the cultivator has to go to the sowcar for getting monetary help. With this object it is proposed that the members of those co-operative societies, which deal in cotton, should be allowed to pay their land revenue instalment, after they realise at least a part of their crop. The resolution is advantageous to the agriculturist as a whole, and I commend it to your acceptance.

The resolution was put and carried.

*Mr. P. C. Patil* then made a speech in Marathi in moving the following resolution:—

“Where the success of a Land Improvement Society, such as one for fencing or for the construction of embankments or the like, depends on the united action of all the landowners whose land is improved, the committee is of opinion, that where the owners of 75 per cent. of the land agree, the Government should be asked to undertake legislation to enable the local authorities, where they consider it necessary, to order the construction of the improvement and recover proportionate contributions from the recalcitrant owners.”

*Mr. Patil* then said that the time had come when they should enter the subject of land economics. In the Southern Division several instances had occurred, where wild pigs had played havoc with the crops, and yet nothing could be done to prevent the animals from doing so; because a small minority of the people concerned refused to contribute anything towards the expenses of putting up some sort of obstruction. The object of the resolution was, in similar instances to empower Government to force the minority to bear their share of the expenditure, for any such work.

*Mr. M. S. Shetti* spoke in Canarese, seconding the resolution.

The resolution was carried.

*The Registrar, C. S., Baroda:* The resolution that stands in my name runs thus:—

“The Committee is of opinion that the difficulties surrounding the question of Cattle Insurance are so great, that the Conference should appoint a committee as suggested by various opinions cited in the note submitted to consider the whole question.”

The question of cattle insurance is so very complicated and set with so many difficulties, that it was not possible for a sub-committee like ours to fully discuss the matter from all points of view and come to a definite conclusion. A few societies have been started in Gujarat in connection with Cattle Insurance. The experience gained hitherto does not warrant us to be very hopeful. The question of cattle insurance in this country especially is very important, and its connection in respect of agriculture is so very vital, that we cannot afford to put it aside. It is therefore proposed to appoint a committee with a view that the members of the committee may visit the Cattle Insurance Societies that are in existence and gain a first-hand knowledge, and discuss in person with the promoters and actual workers in those societies, consider the difficulties in the way and come to a conclusion and formulate a definite scheme. The main causes of cattle mortality are the diseases and the famine. The mortality due to famine will be mostly averted, if we are able to organise co-operative fodder stores. In Baroda a few co-operative fodder societies have been organised and from the experience I have gained I have great hopes about their success. If some such schemes are considered and put into effect in the Bombay Presidency also, I think the question of cattle mortality will be partly solved. Of course the question is very important.

During the last two or three years, about 20 co-operative fodder societies for the storage of fodder have been organised in the Baroda State, of which 5 or 6 societies are actually working. I have framed special by-laws for the working of such societies and according to these by-laws, each member is required to put one rupee as entrance fee. Each member is also required to deposit about three hundred bundles of grass in the society. They are also empowered to buy grass from the funds of the society and store it. If the next year chances to be prosperous, the members are required to put in some more bundles; again some more grass is purchased from the common funds of the society as a safe-



guard against any scarcity of fodder or famine. If the next year happens to be a bad year the grass deposited by members is returned to them at almost the same rate at which it was bought previously. If the third year happens to be a prosperous year, the members are required to deposit for the third year also. After three years, as it has been found the grass becomes useless, it is returned to the members in order that fresh grass may be stored up. If members want fodder during June or July, grass is given as loan on condition that 25 per cent. more of the quantity of grass thus given should be returned to the society. In this way 4 or 5 societies have been able to store a good quantity of grass, and I believe in course of time other societies also will be able to store grass in a similar way. From the experience we have gained last year, I have a desire to organise green grass storage societies. For the storage of green grass, you must have some centre, and I believe kucha lands will do well for that purpose. You will not be required to spend a large amount of money. These methods will in a great way go to solve the problem of cattle mortality.

In the matter of green grass storage, there are three great difficulties: first about the land for making the stack; second the danger of fire and danger of theft by people in times of scarcity at the commencement; and third the damage by cattle. We have solved the question of land by requesting Government to give such co-operative societies engaged in this work about two bighas of land for each. If no free land is available, a society of 20 or 30 persons can very easily hire about 1½ bighas of land for Rs. 15, which will come to about Re. 1 per head. Though each cannot afford to spend Rs. 15, one man can easily afford to spend Re. 1. The straying of cattle and theft by people at the commencement of scarcity can be solved by putting hedges round the stack. A good hedge is prepared, and with about 15 members with a family of four adults on an average, you have 60 or 70 people to keep a watch on the storage. They might just go in the mornings and evenings while going to or returning from their fields or make some other suitable arrangements with the aid of the members of their families, whereby damage by stray cattle or theft by other persons can be obviated.

Then I come to the question of fire damage. Generally speaking, we find that the causes of fires are two. One is the chance of accidents and the other is incendiarism. There is hardly any scope for accidents to the co-operative stacks, because they are well guarded by hedges, no smoking is allowed, there is no machinery inside and owing to the existence of the hedge no one else is allowed to go in. Therefore accidents and fire are very rare. The other cause of damage is incendiarism. If you analyse the cause of incendiarism, you will find that more often than not there are individual reasons such as when a man picks up a quarrel with some one, or some one from the village may have brought something from another village and given rise to quarrels. In the case of individual quarrels, no man would try to set fire to the common stack; because every one else would keep an eye on him and such a person would rather prefer to set fire to the individual's house or other property than to the common stack. Again, there are very great chances for such incendiarism being detected, because so many people keep an eye over him and even if he is not actually caught, if he is suspected, then he runs the risk of getting the displeasure of the whole village. Therefore, the accidents by wilful fire are very greatly minimised. Another reason is, if a man wants to set fire to his enemy, as we see in Gujarat, he is called *Jasa*, that is to say, he is the common enemy of the entire village setting fire to the stack or even damaging common property of the village. If such a man comes forward, then usually he gives previous intimation which is called *Jasa*, that is to say, he sends intimation or puts down on a piece of paper that he is going to set fire to certain stack or to certain property. In that case the people concerned can know beforehand the intention of the mischief-maker; and they prefer to come to terms and to patch up the quarrel or to take further precautions for guarding. It has been pointed out above that each society has fifteen or 20 members with an additional number of adult members in their families. If each man takes upon himself the duty of watching, turn by turn, the stack can be safely and properly guarded.

In this way, all the three main difficulties as regards storage of grass by individual people are greatly removed, and the great risk of fire also is highly minimised. In this way I think people can successfully store grass against years of famine. With these remarks I beg leave to resume my seat.

*Dr. Harold H. Mann* :—As regards the resolution moved by the Registrar from Baroda with regard to Cattle Insurance, I wish to suggest a slight modification, namely, the



committee to be appointed must be a committee appointed by the Institute, rather than by the Conference. I understand this modification is accepted by the Registrar from ~~the Institute~~ <sup>Mr. Shirolkar</sup>. I therefore have pleasure in seconding his resolution with the change suggested.

Resolution was put and carried.

*Mr. B. S. Shirolkar:* then read his paper on "Fodder Supply in Famine Tracts" (printed as appendix XII).

*The President:* Gentlemen, we have just passed Resolution No. IV, which asks the Institute to appoint a committee to consider the question of cattle insurance. We might ask this scheme to be placed before that committee. I may here mention that this question has been engaging the attention of Government for some years past, and my friend Rao Bahadur Chitale has taken very considerable interest in this matter. The amount of fodder or grass that can be stored by these societies is, as you must have seen now both from the remarks of the Registrar of Baroda as well as of Mr. Shirolkar, very insignificant. The calculation was just made by Mr. Lalubhai Samaldas as to the number of cattle that might take advantage of it. It is really very small unless, the thing is done on a very much bigger scale. I do not know if these small societies will be of any help; but they won't in any sense solve the problem. Government are at present considering much better schemes, especially in famine tracts for the storage of fodder and grass, and I may assure the Conference that, its wishes in this direction will be paid particular attention. It is a matter of funds and it is a matter of trying to see in what way the fodder should be stored; whether it should be baled, or whether it should be put in godowns or whether it should be covered with mud;—all these matters are at present engaging the attention of Government.

We shall take now the resolutions of Sub-committee No. III.

### Consideration of Report of Sub-committee No. III.

*Mr. L. S. Potnis:* My Sub-committee places the following resolution before you:—

"This Conference is of opinion that the existing policy of Government in the matter of granting loans to Producers' Co-operative Societies be revised, and financial assistance by Government be made available to them at an earlier stage on the basis of their possibilities and chances of success, than merely of actualities or success achieved. This Conference further recommends that such financial assistance should be given through the Department of Industries as well as through the Co-operative Department.

Gentlemen, as regards assistance for Producers' Societies the present policy of Government is to give one rupee for each rupee of share capital collected, and to see that the loan given to any society does not exceed Rs. 2000 and that the loan is repayable in 20 years. For three years they are charged the ordinary rate of interest.

*Rao Bahadur G. K. Chitale:* What is the ordinary rate of interest?

*Mr. L. S. Potnis:* 7½ per cent. It is the opinion of my Sub-committee that the terms are rather harsh and they should be more liberal; and with that view my committee requests that the Conference should recommend to Government that they should revise their policy and adopt a more liberal policy.

*Rao Bahadur G. K. Chitale:* Revised in what way?

*Mr. L. S. Potnis:* More liberally. The rate of interest should be reduced and the limit of the loan should be increased. The limit of Rs. 2,000 is not sufficient in some cases. I will give instances.

*Rao Bahadur G. K. Chitale:* According to your sub-committee, what should be the maximum limit?

*Mr. L. S. Potnis:* In some cases, it was found that the sum of Rs. 2,000 was not sufficient. In the case of the Bombay Kamgar Sahakari Foundry Society, it became necessary for the promoters to take a loan of Rs. 5,000 from Sheth R. B. Lotwalla and with that loan the society was able to start its work. It would be very difficult to start that work without that loan; because it requires a lot of expenditure to purchase machinery and

to build the workshop. So the limit should be increased to Rs. 10,000. That is not the wording in the resolution, but I should be satisfied, if it is increased to Rs. 10,000.

Unless there are possibilities of success, the society will not take any loan from Government. So in that respect also Government's policy should be changed. The loan should be given at an earlier stage, looking to the possibilities of success and not to the actualities or the success that the society may have attained. In the same manner, there should be some grant from the Industrial Department. We get loans only from the Co-operative Department. The Agricultural Department makes big grants to some individuals for the development of agriculture. Also take the lending of boring machines. In the initial stage they were given free of charge or at nominal cost. And other concessions have been given by the Agricultural Department. On the same analogy, it is necessary that the Producers' Societies should be assisted by the Department of Industries.

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

*Mr. C. S. Deole:* Gentlemen, the resolution that is before you is really very vague. In the committee I tried to make it definite, but the committee would not make it. If it is vague, there is reason for it. The Producers' movement has not made any headway whatsoever. The committee was therefore unable to make definite recommendations. They thought that the Registrar or the Department should undertake to investigate the conditions and give as much help as is required at any stage. That was at the back of the minds of the committee.

If I say that the movement is in its infancy, I think I have the support of the Registrar for that. I will read out to you a few sentences from the report: "Out of 23 producers' societies registered, only 13 in all are working." And then what does the Registrar say? "Unfortunately in some cases these societies have suffered for want of official support." I do not know what he means by "official support." Evidently not that of his department, but of the other departments. For instance, the Salt Department has been mentioned, and the Public Works Department later on. So, the movement being in its infancy, it must receive support at the "earliest possible stage", as the resolution puts it, "on the basis of their possibilities and chances of success than merely of actual success achieved." At present, the policy is that the society should show some success, before it can receive assistance. The resolution demands that the Government should investigate the possibilities and chances of success, and on those possibilities and chances give assistance to the societies.

Regarding the limit of financial assistance, the committee was doubtful. It will all depend upon the kind of industries. And therefore in every respect the resolution as it is worded is very vague, and that shows that the movement requires as much help as is necessary.

*Mr. O. Rothfeld:* Sir, I regret I am asked to accept this resolution in the form in which it is worded. I hope that the remarks I am about to make will not be construed to mean that I am in any respect unsympathetic to the Producers' movement. But I am afraid that the vagueness alone of the resolution puts it out of court as it were. Moreover, there are certain features of the resolution which I think can hardly command support. For instance, the second sentence says:

"The Conference further recommends that such financial assistance should be given through the Department of Industries as well as through the Co-operative Department.

I cannot quite guess what really was in the minds of the gentlemen of the committee when they passed this. But in any case, it must be apparent that money is money; whether it comes from one department or another. The point is that the societies should get money, whether it is from the Director of Industries or the Registrar. As a matter of fact, it is, I think, obvious that loans given to co-operative societies should come from the Co-operative Department. On this ground alone that part of the resolution has to be dropped. In regard to the former part I think there is a certain mistake or misunderstanding perhaps about the nature of the dole from Government. As far as I have known, there are two cases in which any one society or individual or company, asks for loan from Government. One is when the loan is required for a very long period and can hardly be got in the

ordinary way of commercial credit as in the case of Housing Societies and Land Improvement societies. They will require money for a long period; and it is really a case, where assistance by Government is asked for. Here again, if the security is bad and chances of success are few, a loan will not be given. There are, as a matter of fact, few cases of Producers' Co-operative Societies which require loan for a long period. Ordinarily they will require short term loans. For this in the co-operative movement itself, there is sufficient money for financing such societies, provided there is good security for lending the money required. In a case where 10 or 20 people join together without being prepared to make any sacrifice, I do not consider it worth while to give them loans, that is to say, to give an artificial stimulus by lending money to join a Producers' Society instead of real impetus to industry. Under these circumstances, I do not consider it is possible to make a request to Government in this particular form.

Then again the amount is expressed in rupees without any reference to the proportion of either share capital or turn over. I do not think it is of any use to give a loan of Rs. 2,500 to a society which requires Rs. 30,000 for a period of 20 years. The points that will have to be borne in mind by Government are the proportion to share capital and turn over of the period. Secondly at the present moment according to the rules there is a distinction between a limited liability society and unlimited liability society with regard to Producers' Co-operative Societies. The Registrar has got power to sanction money in respect of limited liability societies; and as regards unlimited liability societies, Government sanction is necessary. I do not discover any possible reason for this distinction. Some two years ago, when I took over charge, I suggested that this distinction should be done away with. I do think it is an anomaly and should be done away with, and that the Registrar should be empowered to sanction money in both cases. The third point which I wish to point out is about the assistance to such societies in other countries. There the Producers' societies are given subventions, which are not returnable, and such subventions, it is recognized, give a humanizing impetus to industries. On the other hand, it is also recognized that these societies should sink considerable amount of money in permanent expenditure such as buildings, plant and things of that sort. Government gives them a grant in proportion to their turn over and in proportion to the expenditure required by that society. So the policy of giving grants to societies where already people have collected shares can be adopted and this will really give a good impetus to industry.

*Rao Bahadur G. K. Chitala*:—I am afraid the resolution is vague and should be considered as unacceptable. I shall explain and come to the point. In the agricultural economy of our Presidency, there are several factors appearing and now coming to the surface. For instance, take the sugarcane industry, in which a large amount of capital has been sunk by the people, who might be classed as landlords and by other enthusiasts who have been doing that work for the last 30 years. A large amount of land is now coming under canal with the result that every year the price of gul is going down. The cost of cultivation on the other hand has risen. As a result of all this and as a result of the general agricultural economy on which Government itself has embarked by offering very large loans for initial schemes, the interests of the Government and the people are interwoven in this industry. Suppose these people form a Producers' Co-operative Society to deal not only in their sugar, but also in their gul and other products. These are Producers' societies in the real sense. The price of marketable quantity of gul has gone down 100 per cent. and even will go down to 200 per cent. As the sugar industry and capitalism flourish, the lesser growth must vanish. Under these circumstances the only possible remedy for these agriculturists and the landlords who have sunk their money is to accept the poor man's remedy of co-operative basis. On that co-operative basis they must see that they are able to produce an article which would compete with the finished article of large capitalists. For instance gul is not giving them reasonable profit. It is just possible that they may combine to start small sugar factories. This is a proper instance to make an impression in the co-operative field. Under the present Land Improvement Act or Agricultural Loans Act no loans can be given, because they fall either under the one or the other. The Department of Industries also will not come to their help, because they are for initiation of new industries. Now what are these poor people to do? Under the circumstances, if, as the Registrar put it, you can get Government to concede a loan of certain percentage in proportion to the capital raised by the people, say 50 per cent. or 100 per cent., for machinery, plant etc., which will give good security, this Conference would have achieved

a practical and tangible result. We are launching on very big dreams, which do not materialize, and have the honour of passing various resolutions. I am also desperate in opposing them. In this matter it is very vague. When you want to ask for anything ask in definite terms. It is for Government and the people to consider it. These vague things will not do. I have put before the Conference my view of agricultural economy, which is likely to come into existence. Of course we shall watch the time. This vague resolution will not help and so I oppose it.

*Professor H. L. Kasi*:—Mr. Chairman and Gentlemen, the point I wish to drive home to this Conference and to Government is that the whole policy of granting late help ought to be revised, and that such financial assistance, as is in practice given, should be made available to Producers' Co-operative Societies at a very much earlier stage than at present. Government should recognise their responsibility towards such Producers' societies. My point of view is summed up in the resolution which says "financial assistance by Government be made available to them at an earlier stage on the basis of their possibilities and chances of success than merely of actualities or success achieved". Let me make this somewhat clearer. I understand that a producers' society, in its inception, is not in a position to get loans from either the Co-operative Central Bank or from the Provincial or District Bank. Nobody of course is going to lend money to a new producer. The society being a registered society, we are led to presume that there must be some chance of success, as otherwise the organisers can be trusted not to have started it at all. When such a society is started and registered, certainly it should be presumed that the chances of success are fair to justify the experiment of having a society tried. After this is done, we should no longer hesitate about giving financial assistance, and Government should come forward in the initial stages rather than wait to see the results of the society's working to ascertain what success it meets with before offering to render monetary assistance. In other words we should not expect an infant to be able to walk without our assistance, rather we should give that infant the requisite amount of help when it most needs it, namely, in its infancy, not after it grows into a sturdy boy. As the Registrar pointed, Government were afraid of losses. I think nothing would be lost by encouraging cottage industries in their initial life. Even if some loss is incurred by Government in their attempts at development of cottage industries, I do not think much harm will ensue. That is why we ask for a more liberal policy, be it indefinite, be it vague. We want assistance in the earlier stages of our industries, rather than in the later stages. I do not think we are asking too much or that we are asking for anything vague. We are requesting Government to be morally bound in the matter of timely assistance.

The Registrar spoke about sub-ventions. I however would much prefer giving loans to Producers' Co-operative Societies, only that such loans should come at an earlier stage than at present; and even though there may be chances of losses, Government should not wait for success to arrive, on the principle that should it be felt that there is no fair chance of success for any particular Producers' Co-operative Society, it should not be allowed to be registered.....

( Mr. O. Rothfeld made some observation at this stage, which was inaudible.)

*Professor H. L. Kasi*:—This resolution has been put forward here as the result of discussions that took place at the Conference of Producers' Societies in Bombay. Representatives of the producers' societies in Bombay suggested that this was one of their grievances; that if financial assistance came to them in the earlier stages, it would benefit them exceedingly; and it is practically on behalf of them that I am speaking before you on this resolution. Even at the risk of tiring you, I want to repeat here that any financial assistance that should come to Producers' Societies from Government should come to them in earlier stages of their existence rather than at the tail end; it is very little use, nay positively harmful, waiting to see how the working of the societies develops, whether it shows a decided profit or a decided loss, before the question of giving monetary assistance is considered. If Government desire to give any help at all to Producers' Societies, let them do so in the beginning of their career rather than at the end, even if by so doing Government have to risk a small amount of money.

Resolution was put and carried.

*Professor H. L. Kasi*:— Mr. Chairman and Gentlemen, encouragement of cottage industries on co-operative lines is one of the prime objects of this series of resolu-

tions. Thinking of the subject, you will clearly perceive that all that producers require are three things :—

- Financial assistance,
- Marketing facilities, and
- Business organisation or scientific business management.

These three things make or mar co-operative societies. In discussing this series of resolutions, let us confine ourselves as far as possible to Producers' Societies.

For financial assistance, the first resolution which we have already adopted unanimously, provides something. It asks for some financial assistance from Government ; but I am not one of those who believe in depending only upon Government helping Producers' Societies, however good they may be ; but I am one of those who think that we must stand on our own legs. The difficulty is that a Producers' Society cannot always find a bank which will finance it. True it is that the Central Provincial Bank has, as we have just been reminded by the Registrar, plenty of funds which can be utilised for this purpose ; but I do not know whether the Provincial Bank would like to be saddled with the huge task of investigating applications from Producers' Societies, the task of investigating the industrial side of the question, making careful enquiries into the chances of success or otherwise of the concerns and giving loans to the applicants. The fact is the Central Provincial Bank is catering to the needs of all rural agricultural operations very largely ; and therefore it would be going beyond its legitimate sphere, if it was expected to finance producers' societies of a general description outside of agriculture or to finance consumers' societies. I feel fully convinced that unless we start a Producers' Bank we can do nothing to encourage production. The idea seemed to prevail in our discussions that it might be better first to have Producers' societies in working order and then, after seeing how matters develop, to proceed to organise a Producers' Bank. I for one consider that no producers would care to come forward unless they were assured of adequate financial assistance from an institution that would concern itself with looking after and taking care of the needs of producers first and foremost. Otherwise we may go on waiting and waiting for centuries without anything tangible being done. If we want our cottage industries to achieve the same prosperity which they enjoyed two or three centuries before, the first requisite the first essential, the *sine qua non* is that we must have a strongly backed up Producers' Bank properly equipped to investigate the needs of different cottage industries, devise and initiate modern and best methods of helping them to develop themselves. We must have financial assistance from Government in the initial stages of the Producers' Bank. The proposition before you requests you to appoint a committee to go into this matter fully and in detail with instructions to the committee to submit its report to the next year's Conference and if the proposals then submitted are approved by the Conference, the producers' bank will start work without further delay. I do not think I need go further into this matter at this stage and will content myself with commending these resolutions to your best judgment and care.

*Mr. P.K. Jambhekar* addressing in Marathi seconded the resolution, which ran thus:—

"This Conference is strongly of opinion that to develop cottage industries effectively on co-operative lines, a Producers' Bank in Bombay for this Presidency is urgently required and appoints a committee of the following gentlemen to prepare a scheme for such a Bank in consultation with leading sympathetic businessmen with power to add to their number:—

- |  |                             |
|--|-----------------------------|
| 1. Sheth Ranchhodlal B. Lotwala (Chairman) | 7. Prof. H. L. Kazi         |
| 2. Mr. J. B. Petit                         | 8. Mr. V. J. Mehta          |
| 3. Principal M. L. Tannan                  | 9. Mr. F. T. Nalavadi       |
| 4. Mr. G. K. Devadhar                      | 10. Rao Bahadur A. U. Malji |
| 5. Mr. L. S. Potnis                        | 11. Mr. S. L. Apte          |
| 6. Mr. G. S. Ranade                        |                             |

*Mr. L. S. Potnis*: I wish to propose a small amendment to this resolution, namely, that instead of the committee being appointed by the Conference, the wording should read so as to leave the matter of appointing a committee to the Bombay Central Co-operative Institute with instructions to submit its report within four months.

The resolution, thus amended, was put and carried.

*Professor H. L. Kazi:* Mr. President, and brother co-operators, I now place before you the four resolutions, which I will read out at once. When you hear me reading them, I think you will feel that there is no room for any comment.

"This Conference recommends that the Central Co-operative Institute should take steps to assist Producers' Co-operative Societies in securing markets for their products by suitable advertisements and catalogues and by approaching large consumers of their goods, the Societies contributing towards the expenses."

Gentlemen, in this resolution we throw certain duties on the Central Co-operative Institute, which, if it is to function as it ought to, it should not be unwilling to shoulder. The Institute must advertise the wares of the societies and do propaganda work, for which the societies will pay.

"This Conference is strongly of opinion that a declaration of policy on the part of Government and all public bodies to extend their patronage to Producers' Co-operative Societies by placing orders with them for their requirements and preferring their tenders is very necessary to develop the Producers' Movement."

This resolution is also sufficiently clear. We want for the Producers' societies marketing facilities. Advertising is all right: the co-operative societies will do that. But who is to provide the market? I believe the Government and large public bodies like municipalities should make up their mind to patronise some of our societies. I do not mean by patronising paying higher rates, but what I claim is preferential treatment for co-operative societies. This is a simple demand; and we want that Government should declare its policy very clearly. Perhaps it may be contended that there are no Producers' societies at present, which would produce those things, which Government want. But we need not wait till societies are formed and begin to produce. Let the declaration precede, and when the declaration is there, we shall be able to induce many of the artisans to come forward and organise themselves into co-operative societies and hand them the wares. I think, therefore, that we are not asking the Government too much.

"This Conference requests the Bombay Central Co-operative Institute to organise a Central Co-operative Agency for the purchase of raw material, and implements necessary for Weavers' Co-operative Societies and for the sale of their finished articles on moderate commission."

I do not know, gentlemen, the origin of this. I was not present at yesterday's meeting, when this resolution was passed. I naturally feel that this is covered by the third resolution. But, however, there it is. It is harmless. The Institute will be asked at any rate to prepare a scheme.

The last resolution would commend itself to you:—

"This Conference suggests that in order to start Co-operative Societies amongst fishermen, the Bombay Central Co-operative Institute should take steps to educate the fishermen, and at the same time approach the Government to appoint a special paid organiser for the organization of Co-operative Societies on the coastal tract on the model of fishermen's societies in the Madras Presidency."

I have stated no words are necessary from me. Whatever explanations are necessary I have given. Now, I place the resolutions for your acceptance.

*Mr. L. S. Potnis:* Mr. President and gentlemen, the resolutions are before the Conference. They are quite clear; and I do not think it necessary to give any more explanation. I will second all the resolutions proposed by Prof. Kazi. The resolution about Weavers' Societies was included, at the request of Dr. Prabhakar of the Co-operative Weavers' Union. He told us that they found it very difficult to get the necessary yarn and they were required to pay large commissions. Besides they were not able to get material of the quality they required. Some arrangement in Bombay is absolutely necessary for the supply of raw materials to Weavers' Societies, and therefore this resolution has been included. I hope you will pass all these resolutions.

*The President:* Dr. Prabhakar will explain very briefly what his intention is.

*Dr. C. J. Prabhakar:* Mr. President, I will explain my object in proposing this resolution. The weavers at Hubli feel great difficulty in obtaining yarn at moderate rates. They have to get it through Marwadis or the agents of the Bharat Mills, who charge a high commission. The weavers are very poor and cannot afford to buy yarn at high cost, and at the same time sell their product at market rates. We want to buy at the very cheapest rate, and the only way we can do it is to get the yarn direct from the mills at wholesale rates. At present the middleman takes double profit: he takes commission from the Mills, and he takes a further commission from us. What we request the Institute is that they should help us in obtaining yarn at a rate that will be compatible with the market rate in Bombay. I think that a central agency at Bombay will help us to get the raw materials cheap.

*The President:* What will be your annual requirements?

*Dr. C. J. Prabhakar:* Yarn worth 5 to 6 lakhs of rupees or about 10 to 15 bales per month. Sometimes we had thought that with the help of the Registrar, we could influence some mills in Bombay to give us yarn at their sale rates to their agents. But unfortunately our difficulty is this: the Weavers require yarn of different qualities, and we are unable to consolidate our indents; and for a small indent the mills will not be able to give us yarn at cheap rate. If the Central Institute can combine our indents and undertake on our behalf to purchase these different yarns at wholesale rates, then it will be a great help to us, as the weavers will then be able to produce at very moderate rates. As it is absolutely impossible for them to do so, I asked Mr. Madon of Bombay whether he would not help us in this way. What happens is this: the commission agents get 10 to 15 per cent. commission, but they will not give us any part of it.

*The President:* Mr. Madon will be able to give you an answer immediately.

*Mr. B. F. Madon:* With your permission, Mr. President, I will explain what our difficulties are, and how they could be solved. The Producers' Societies on a small scale are not very well known to Bombay sellers. They do not know what their financial facilities are. Naturally the middleman who comes in between the mill-owner and the upcountry societies charges in proportion to the risk, which he thinks he undertakes. What I suggest to Producers' Societies like that with which Dr. Prabhakar is connected is that whenever they have such troubles about their supplies, they might very well request the Bombay Provincial Bank to go to the mill owner or the importer direct and get them yarn at the best possible rates. The main difficulty is about the payment of the bill. The Bombay supplier now feels doubtful whether the upcountry society has any money, whether it is doing business at a profit and whether it will pay. If instead of the upcountry society trying to buy direct from a mill or importer, if it tried to buy through the Bombay Provincial Bank, the question of money would be solved. The Bombay importer or the mill will know that the indent comes from the Provincial Bank and that there is no question of the payment being delayed and that will enable them to give yarn at the lowest possible rate, the rate that they give to any of biggest wholesale dealers. The biggest wholesale dealers are not big only in the amounts they take, but they are big in being able to pay cash promptly. The Provincial Bank should enter into some arrangement with the mills or the importers. The Societies upcountry have got to say "We want such and such an amount of such and such a quality. Please find out the lowest price and let us know." I think the Bombay Bank will be able to undertake that work, and inform them of the prices and take delivery of the goods when ordered, and pay on behalf of the society. That I think will solve the difficulty which Dr. Prabhakar has mentioned. I do not think it is a function that the Co-operative Institute can very well undertake. It is no use carrying on the work on a philanthropic basis. You can go to a man and ask for his help once or twice, but not always.

I do not oppose the resolution, but I am only suggesting a way out of the present difficulties, until an agency such as the one contemplated in the resolution comes into being. We tried to create such an agency three years ago, and I shall be very happy if such an agency is created again. In the meantime the Bombay Provincial Co-operative Bank, I think I may say with the permission of the Chairman, Mr. Lalubhai Samaldas, is willing to help all upcountry societies to get their yarn. If the upcountry society has no

account with the Provincial Bank, let it approach through its own bank. If that is done, I feel confident that the Producers' societies upcountry, although their demands are small will be getting their materials at as good rates as the ordinary rates of the market.

*The Honourable Mr. C. V. Mehta:* You have now got two agencies that will help the weavers, the Bank as well as the Institute.

The resolution was put to the vote and carried.

*Rao Bahadur S. S. Talmaki:* I have to make an announcement. We had announced in our Supplementary Programme that at 5 p. m. there would be a meeting of the representatives of the District Banks. That meeting will not be held at 5 p. m., but at half past five. The representatives of the Provincial Bank will discuss various problems that have arisen between them and the other problems regarding finance, etc. In the meantime, at 4-30 p. m. the Conference will meet the President as announced yesterday.

I have also to announce that there will be a Co-operative Housing demonstration to-day at 6 p. m. on the Deccan Gymkhana grounds near Lakdi Pool by the Deccan Gymkhana Housing Society; and those gentlemen who are not members of the Meeting of the Central Banks would perhaps like to go there.

The Conference then adjourned till 11-30 a. m. on Monday the 24th September 1923.

### THIRD DAY MONDAY, 24th SEPTEMBER 1923.

#### Consideration of Report of Sub-Committee No. IV.

*Mr. F. G. H. Anderson:* The resolution that has been entrusted to me runs thus:

"In view of the difficulty of Co-operative Housing Societies, it is resolved to draft a representation to Government by Rao Bahadur S. S. Talmaki, B. A., LL. B., Dr. T. D. Velankar, B. Sc. L. M. & S., Mr. M. E. Joshi L. C. E., Mr. V. D. Muzumdar M. A., and Mr. J. K. Parulkar J. P., praying for the following reliefs:—

1. That the rate of interest on loans in the case of existing and future Housing Societies should not be more than 5% per annum.
2. That the rate of interest should be revised periodically in the direction of reduction, so as to approximate to the rate at which Government borrows in the market.
3. That in the contract between Government and the Societies, it may be provided that in the event of the rate of interest becoming at any time favourable to such operation, the Society be empowered to raise debentures, charged *puri passu* on the whole property, on the condition that all proceeds of such debentures shall be exclusively applied to the amortisation of the Government loan.
4. That in the case of the Housing Societies, interest on loans advanced should not be charged altogether for the first two years, or in the alternative, the amount be spread without interest over the loan period."

I shall, with as much brevity as possible, put before you the considerations that prompted the Sub-committee to place before you this resolution. This resolution proposes to appoint a committee to draft a representation to Government on the lines suggested in the resolution.

I shall now take the first part of resolution. Most of these Co-operative Housing Societies were started at a time when the cost of labour and building materials was high, and also when a high rate of interest was ruling the market. About three-fourth of the Housing Societies in Bombay are private on a capital basis and not on a co-operative basis. As the private societies have been in existence for a longer period, they have been able to construct their buildings at cheaper cost than the Co-operative Housing Societies and to rent their buildings at a cheaper rate. In the case of Co-operative Housing Societies, as these were



started at a time, when the rate of interest was high and the cost of building material and labour was very heavy, they have had to construct their buildings at a heavy cost, thus being unable to rent their buildings at a cheap rate. As a consequence of this, those societies have not been able to attract members and are working at a loss. The first request for relief that has been made in the resolution is in the direction of reduction of the rate of interest to 5 per cent., which is the bank rate, so that the societies may not have room to complain. The Sub-committee hopes that this is a reasonable request in view of the fact that the market rate of interest shows a tendency to go down.

The next para relates to the periodical reduction of rate of interest so as to approximate to the rate at which Government borrows, so that the societies may have the benefit, if there is a fall in the market rate of interest. This I consider a fair request to make.

The third para requests for a provision to empower the societies to raise debentures when the rate of interest is favourable, which will be applied to the amortisation of the Government loan. This is simply a request for fair treatment. Even under the law, if a mortgagor says that he can on the same security raise the same amount at half the rate of interest to the mortgagee, can he refuse to allow him to do so? So, if the society is able to raise debentures, Government will not refuse to allow it to do so, provided there is proof that they are collecting money from their friends and members, which will be utilized for the amortisation of the loan due to Government.

The last representation proposed is that in the case of Housing Societies the interest on loans advanced should not be charged for the first two years, or in the alternative, the amount be spread over the loan period without interest. This concession, which in recent years has been withdrawn, was being given by Government. A request is made here for some relief in that direction.

These are the proposals of the Sub-committee; and I hope you will approve of recommendation being made to Government on the lines indicated in the resolution.

*Rao Bahadur S. S. Talmaki*:—Mr. President and gentlemen, the resolution has been very lucidly and ably explained by Mr. Anderson. I had to point out in this connection that out of 24 societies that have been registered in Bombay, only five societies have been able to do some work; and out of these societies one was an old society which did its work long before; and out of the remaining 4, one has been able to obtain a Government loan, when the market rate of interest was not high. The other societies had to get loans at 6 per cent. at a time, when the cost of building materials was high and labour equally high. In consequence of this, the Parsi society and the Saraswat societies at Andheri and Santa Cruz have been hard hit, in other words they have been working at a loss. They are not able to charge low rent to their members; and in order to attract members to the society they have to charge a low scale of rent; and thus the society is working at a loss. You are well aware that Government themselves built chawls in Bombay and were not able to charge economic rent and induce tenants to occupy those chawls; because Government also built their chawls, when the cost of materials and labour was high. So, it is not possible to charge economic rent and induce people to occupy them. But Government may reduce the rent and recoup it from other sources. In the case of Housing Societies they have solely to depend on the rents they get. These questions were considered by the Sub-committee and the request in the resolution has been made to Government to bring down the rate of interest not to 4 per cent., as the Government has been pleased to charge in the case of Catholic Housing Society, but to 5 per cent. It is very likely that the rate of interest will go down in the near future. In view of this circumstance and the fact that the building societies had borrowed at a high rate of interest and built houses at a time when the cost of materials and labour was very heavy, the request has been made to Government to reduce the rate of interest to 5 per cent. I may bring to your notice in this connection that under the English Act, all Co-operative societies have been granted a gratuity or concession of 30 per cent. under the English Housing Act. This has been shown in one of the leaflets by Mr. J. P. Orr, in which it is clearly shown that in the case of Housing Societies, loans are advanced at the rate at which Government are borrowing there. The concession of 30 per cent. gratuity is with a view to provide for interest and sinking fund. It may be questioned by some, why such a concession should be made in aid of the

Housing Societies in Bombay. I may mention by the way that this question has been answered by *Aesop* in his *Fables*, where he narrates the parable of the heart and the limbs. The Bombay City, gentlemen, is just like the heart of this Presidency. Everyone in the mofussil has something or other to do with Bombay. He has either to borrow, sell or purchase; or to send his children for education, or to seek justice. It is on account of the bad housing condition in Bombay that some of the diseases such as influenza, plague etc. have spread in other parts of the Presidency. The firms in Bombay have to pay highly for their clerks to enable them to meet the high rents and the high cost of foodstuffs. You must bear in mind that the services rendered by the Bombay firms or the Bombay banking concerns must depend to a large extent on the heavy charges they have to pay on their clerical establishments. Unless those charges are reduced to a considerable extent, the result will be that the people in the mofussil will have to bear them indirectly. Now, instead of making the taxpayer pay indirectly, we request Government to show some concession by way of arrangements suggested in the resolution.

*Mr. O. Rothfeld:* Mr. President, I would like, with your permission, just to say a few words about this resolution as it stands; because it appears to me to be one of the two most important subjects before the present Conference. I think in the first place that we are very much indebted to the Committee and its Chairman, Mr. Anderson, for the very clear and very moderate way in which the resolutions have been framed. On a matter of this importance, which has to go before Government, the actual framing of the resolution carries great weight and is of much importance; and I think the work of the committee has been so done as to give us every hope of a favourable reply from Government.

I would like to emphasise that the need for this concession is a very great one. Speaking from my own experience, I am afraid that unless these concessions are given, or if the present rates of interest are maintained, the future of the co-operative housing movement in this country will be irreparably damaged. It may, however, be asked why loans from Government should be required at all, if the rates are too heavy. And the answer to that is that no private body can give loans for such a long period. It might be possible to borrow for instance, let us say, from the Provincial Bank or from a joint stock company at a lower rate for a short time; but it is quite impossible for any bank, co-operative or other body, except Government to provide loans for the lengthy period which a Housing Society must take. It therefore rests with Government to make the terms such as to give the Housing Societies a real chance of not only of survival, but of good work.

Well, gentlemen, I think it is only fair to remember here, that the Government of Bombay has undoubtedly led the way for the whole of India in the matter of giving assistance to co-operative housing. It opened the path, when no other Government in India had considered it at all. It gave the concessions at a time, when in order to do so it had to overcome the conservative opposition of the Government of India. I think all those who are connected with the housing movement in this Presidency will admit that in every possible way the Government of Bombay has met the wishes of the Housing Societies and given them every assistance possible. But the only way in which it has not met their wishes has been in regard to the rates of interest charged. And the reason is that the Government of Bombay has wished to avoid any loss to the public revenue. It has given the loans, I might consider, at a rate as cheap as possible compatible with the desire to avoid loss. In fact I think the Government has gone a little further, and they are actually incurring a very slight loss on those loans. But what those of us who are interested in the co-operative housing movement, wish now is that the Government of Bombay should give these loans on terms, which do inflict definite loss on the taxpayer of the country. And it is only fair that in making this request the reasons for it should be clearly and ably stated. Well, they have been stated briefly by Rao Bahadur Talmaki as well as by Mr. Anderson, and I do not wish to go over them. Those who know anything about Bombay will be able to admit that the case of the Housing Societies is such that it is fair to ask that the taxpayer should pay the cost of the subsidy or the cost of the loans given at a lower rate of interest. I only wish to emphasize one thing, and that is that there is not a single civilised country in the world where similar concessions are not given, and I see no reason why the Bombay Presidency, where the problem of industrialism is so acute, should not do the same.

I want, however,—and this is the main purpose of my getting up on this occasion,—I want to point out that the Government of Bombay, as it is now formed and as it will deal

with a question of this sort, consists not merely of the Governor and his Executive Council and Ministers, but also of the Legislative Council; and ultimately all questions of finance, such as are involved by giving loans at a cheaper rate and asking the taxpayer to pay the difference, depend upon the members of the Legislative Council. There is no reason to suppose that the Member of the Executive Council or the Minister, or the Member in charge of Finance, would not himself be perfectly ready to meet the wishes of the co-operative societies and of the Co-operative Department in the matter; but he cannot do it, and the Government cannot do so, unless he is sure that the honourable members of the Legislative Council—Rao Bahadur Chitale is here—are prepared to support the Government. Unfortunately, so far the Legislative Council has shown very little desire, a desire so feeble that it has been imperceptible to me, to give any concessions to the Co-operative movement at the cost of the taxpayer. I trust, however, that Rao Bahadur Chitale, Rao Saheb Dadubhai Desai and others in the next Council will realise the importance of the matter and will themselves give a lead to Government by moving resolutions for lowering the rate of interest at the cost of the taxpayer. I am quite certain that it might be possible that if any lead of that sort is taken, the Government as a whole would be only too pleased to follow that lead.

I would end only with an appeal to the Honourable Member as well to support the case, when it comes for the consideration of the Government. And granted that this is practical politics, in other words, granted that we are assured of a working majority in the Council who will support this concession, I have no doubt that he, with ability and zeal for co-operation, will get the concession readily granted by the Executive Council. (Applause).

*Rao Bahadur G. K. Chitale:* Mr. President and brother co-operators, I am one of those who have been asked to support this resolution, when we are elected to the Council. Now, as a co-operator of a pretty long standing, I am in hearty sympathy with this resolution, and I hope all those co-operators who are being returned to the Council will do their best to achieve the object in view. But after that is said and done, when we are returned to the Council, we will also have our other responsibilities. My fear is that throughout this Conference, the principle underlying the whole debate of the last few days is the lowering of the rate of interest all round: not only for this purpose, but for various other purposes. For instance, in a resolution of Sub-Committee No. 6 a lowering of the rate of interest is demanded in the case of Tagavi loans; and I might say, if preference has to be given, I think preference will have to be given to tagavi loans.

In the last year, the constitution of the Council was premature, and the Cabinet was not well organised, so that the Ministers did not know what kind of support they had behind them. I hope and trust that in the new Council we will have a better organised body of Ministers, who will be able to count on a solid majority behind them, which in all democratic institutions is the *sine qua non* of democratic ideals. Now, I believe that the question of housing associations or for the matter of that the whole co-operative movement is a subject which is amenable to the control of the Council, not only in its aspect of finance, but also in its various other features. I am one of those who believe that it is possible to realise our co-operative ideal; but how far the finances of our Presidency will permit it is quite another matter. You have to weigh in the balance the needs in several other fields, which are as urgent as the co-operative movement. But whatever that may be, at present we are concerned with this particular subject; and I may promise the Conference that the old co-operators and the new, that might come to the Council, will weigh their responsibilities and will really appreciate the appeal made by the Registrar who is shortly leaving us, and do their best to promote the interest of the co-operative movement in general, and in particular the getting of more money for the housing movement. I am one of those who have been always interested from the beginning in this movement, and I am one of those who have always believed that it is one of those movements which should be taken off the lead of official strings. I am one of those who have always understood that the movement would not continue and would not gather strength, unless and until it was entirely backed up not only by the public or popular finance, but also by the public non-official men, who absolutely took interest and interested themselves in such a manner not of giving lip lectures and

sympathy, but by applying their shoulders to the wheel of action. Looking even from that point of view, this question of housing is also in need of further aggressive development. I make one more appeal. You will remember, Sir, and most of you who are here and who are helping in other directions, that under the new Local Boards' Act you find co-operation or the importance of co-operation and the rest of it is to be as a discretionary duty on these local bodies. May I appeal even to these local bodies that when they go in for fresh taxation, let them not forget this field of action simply because it is discretionary? It is one thing to go to Government, it is another thing to help yourselves. If you show that you are in earnest in making fresh taxation possible to a certain extent and then go up to Government, I believe, Sir, that you can then make your cause stronger and the appeal irresistible. From that point of view also such of those who are labouring in the field of local bodies, I appeal to and remind them that as that subject is now one of their discretionary duties, which means that a local body can spend any amount of money it chooses towards that object, and the Local Government cannot object to the expenditure of that kind, I say that before you go to Government, you should show also this earnest of the sympathy of that local body; because I can well remember that there are certain rich district local boards, which have never failed to come up to the expectations formed of them and have thus even avoided the necessity of going up to Government. I am absolutely certain that unless we give that kind of earnest to Government, not only this, but other Government—for instance supposing these Ministers disappear and we have a Swadeshi Government—I know whatever the Government may be in power, that Government will insist that the people themselves take up this field and are able to give an earnest of what they want for promoting the real objects of the people who are under their sway. I should think, therefore, that before this appeal is appreciated, you will also appreciate my appeal in respect of local bodies' taxation matters, which will shortly be before all local bodies, and the co-operators in those districts will do their best to see that the co-operative field gets also some monetary help out of these local bodies, by all means insist upon getting rid of the official strings, by all means insist upon seeing that the movement is kept within the control of the people themselves, but after that is said and done, also see that the local bodies come to their help, and not only ask us or the people or the co-operators to go to Government for pecuniary help. I think it will not be unreasonable and also not improper. I would therefore support the resolution before the Conference.

Resolution was put and carried.

*Mr. F. G. H. Anderson* :—Mr. Chairman and gentlemen, there now remains one more point to be brought before you and that is the resolution in respect of Consumers' Movement. The resolution reads thus:—

"This Conference recommends the Bombay Central Co-operative Institute to appoint a Committee to go into all the details regarding the non-success of the Consumers' Societies and to suggest such means as will make them a success; the report to be made by the Committee to the Institute within four months from the date of their appointment and the Institute to take such action as they may deem advisable on the Committee's report."

We have had long discussions about this matter and considerably benefited by the presence of Mr. S. G. Almoula, who has given you a long note in the agenda papers of the Conference. However we have not been able to frame any concrete proposals. What we felt was that more enquiry, more knowledge and more investigation was needed. That being so, whatever resolutions you may put down on the agenda papers of the Conference, you will find that in the absence of real substantial work, your efforts will go in vain, and so we did not attempt to make any more constructive recommendation than to recommend that the Central Co-operative Institute of Bombay be charged with the duty of appointing a committee and see whether there is any way out. My own opinion is that what is chiefly needed is a very much stronger sense of loyalty to the movement than now exists amongst its members. I happened to be in a small provincial town last year. There was a co-operative consumers' society, that is to say, a co-operative store, in that town. Non-residents were not members of that society, but only such people as were resident of that locality and they dealt at that store. We found that the prices charged there were considerably higher than at other shops in the vicinity, and so I said to the manager

of the store "How is it that some of your constituents still continue to buy at your store, in spite of the fact that the rates at the other shops were very much lower?" His reply was "I am glad you have put me this question. The answer is simple. The principle of co-operation is this, that whatever profit the Store makes goes back to the very people who trade at it, in other words it goes to add to the capital of the store, it remains the property of the members, and so they do not mind paying higher prices. Consequently, the members get the goods they want, know just exactly what they pay for and are thus saved from the unscrupulous dealings of outside traders."

One great difficulty was mentioned, namely, the question of credit. So many people are always discounting the future by buying on credit instead of paying cash. This habit of buying on credit almost deprives the co-operative movement of the economical aspects, which are usually associated with this movement. We want, therefore, more investigation, more knowledge, more data; and the Committee is requested to go into all these points and see whether there is any possibility of removing any of the obstacles that are now retarding the progress of the Consumers' movement, and make its report within four months.

Resolution after being seconded was put and carried.

### Consideration of Report of Sub-Committee No. V.

*Mr. V. H. Naik* :—My committee, Mr. Chairman and gentlemen, had sent up to it for consideration and report two sets of papers: one was a paper by Mr. Nalavadi, also by Mr. Shedbal and Mr. Desai, and all these gentlemen made various suggestions as regards taking up the important work of supervising of the societies. They were, however, divided in their suggestions. One gentleman suggested that the guaranteeing unions should be strengthened and extended in order that the work might be properly done. Another gentleman suggested that the Institute can take up all this important work. Mr. Desai from Gujarat suggested that there should be some sort of a group secretary in charge of this work. The committee however found that the subject was too intricate and too important to be dealt with satisfactorily by them and thought that it should be thoroughly thrashed out by a committee with some experience of Bombay. Gentlemen, you know that this important subject of supervision came up for very serious discussion yesterday before the Conference; and you know also that the subject of supervision by the Institute is not an easy thing. The learned Registrar has made some observations on this subject in his report, at page 33. You will find that there the Registrar has expressed his views in a very clear way. In the first place the difficulty has been an exact understanding of the word "supervision", and the share of this supervision which should fall upon the Institute and the bodies working under it on the one side and the Registrar's officials on the other. Then again there is the question of finance if this work is to be taken up by the Institute.

Considering all these matters, we find, gentlemen, that there is at any rate a certain amount of disagreement between the Registrar and the Institute. Under the circumstances we could not do better than proposing a committee of experts to go into this question thoroughly; and we have therefore put the following resolution before the Conference:—

"This Conference appoints the following Committee to examine the existing system of the supervision of societies, to define the kind and extent of supervision to be undertaken by the Institute, to make suggestions for ensuring such supervision, and to report to the Institute within two months. The Standing Committee of the Institute should be authorised to take such action on the report as it deems necessary. The Committee to consist of the following :—

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| 1. The Vice President of the Institute, | 5. Mr. Abdul Razak Deshmukh,            |
| 2. Rao Bahadur A. U. Malji,             | 6. The Registrar,                       |
| 3. Mr. F. T. Nalavadi,                  | 7. Prof. H. L. Kazi, and                |
| 4. Mr. S. L. Apte,                      | 8. Mr. V. L. Mehia, <i>Secretary</i> ." |

Professor Kazi was afterwards suggested to us and I have put his name also.

This resolution, gentlemen, is one which is very non-contentious in nature, especially in view of the fact that this matter is an important subject relating to supervision.

This subject of supervision was thrashed out ably by many speakers yesterday; and therefore I do not want to take up much of your time in submitting the resolution to your favourable consideration and unanimous approval.

*Professor B. S. Patel:* Mr. Chairman and gentlemen, I was also on that committee and throughout the discussion it was agreed by all that uniform supervision is necessary. At present there are three or four kinds of organisations supervising these societies. The Unions are one and some agency of the Bank is another and also organizers of the Co-operative Department are supposed to supervise. There is another agency for supervision. These four are supervising their own societies, each one in its own interests and none of them has full responsibility for failure or success of the societies concerned, and it is found many times that the Societies suffer from want of uniform advice or guidance. It is therefore suggested that it would be better to have this work reserved in the hands of the Institute. We find from experience that a non-official Institute is much better for carrying out such work, if it is backed up by properly trained men and proper amount of finance.

This is a question of finance; and also it is a question of arrangement with the different departments that are carrying out the work at present. If this work is taken up by the committee, it rests entirely afterwards with the present organisers of the Institute. I believe, however, that unless and until a lot of money is found and the work is sincerely taken up, there is very little hope of spreading the co-operative movement among the people. The farmers are not in a position to follow those methods. They cannot also read and write; and it is necessary that regular and frequent help is given; and unless and until full time men are employed to carry out this work, I am afraid that proper help cannot be given. This is a very important question, and this subject should have been dealt with first, rather than coming as the proposition of the fifth sub-committee. However, I wholeheartedly support the proposition, and I hope you will all agree to it.

Resolution was put to the vote and carried.

*Mr. V. H. Naik:* Mr. Chairman, the second resolution which I wish to move is as follows:

"This Conference recommends that the number of centres for holding the Provincial Conference should be increased as far as possible, and that each Provincial Conference should fix the venue of the next Conference."

If you look to the papers that have been placed before this Conference, you will find that there are two papers on this point, one from Mr. Nalavadi, the Chairman of the Karnatak Branch of the Co-operative Institute and the other from Mr. Umarwadia. Mr. Nalavadi recommends that the Conference should be held at different provincial centres, that is, at the headquarters of the Institute Branches. That idea of course had the full approval of the Committee. On the other hand, Mr. Umarwadia suggests that the Conference should be held in Bombay every year, for very good reasons so far as he goes. We considered both these proposals, and we unanimously came to the conclusion, that it would be in the interest of the co-operative movement and propaganda to hold the Conference at different centres of the Presidency from year to year.

Before I move the acceptance of this resolution by the Conference, I would only bring to your notice that the principle which my Committee recommends for acceptance is not a novel one. So far as I know, though the headquarters of the Institute may be Bombay, the Conference is held from year to year at different centres. This fact was brought to the notice of the Committee; and they have accordingly submitted the resolution which I read out to you, and I hope that the resolution will be carried.

*Mr. R. N. Mehta:* Mr. President and brother Co-operators, Mr. Naik has told you that there were two papers before the Committee, and Mr. Umarwadia suggested that all Provincial Conferences should be held in Bombay. The members of the Committee thought that the general meetings of the Institute should be held in Bombay, but that the annual Conferences, which are merely deliberative bodies and not administrative bodies, should be held in different places just to make the Conferences truly representative, and just to inspire enthusiasm amongst the various places in all parts of the Presidency. That was one of the reasons, why it was stated that the Conferences should be held at different centres. It was of course proposed by Mr. Nalavadi that the Conferences should be held at the headquarters



of the branches of the Institute, but the committee rejected that proposal with the idea that it is not necessary that the Conference should be held only at the Branch headquarters of the Institute; but it should be held at centres, where the co-operators are willing to make arrangements for the Provincial Conference. The committee did not desire to entrust this work to the members of the Standing Committee of the Institute; because before we settle that the Conference should be held at a certain place, it should be made quite clear to all the members that they should be willing to come to that place, and that the members of that place are prepared to work for the Conference. For these reasons, the Committee did not wish to entrust this work to the Standing Committee of the Institute. Of course, the funds, etc., would as usual come from the same source, even if the Conferences are held at different places. With these words, I beg to second the resolution.

The resolution was put to the vote and carried.

*The Hon'ble Mr. C. V. Mehta:* I take it as a consequence of this, somebody will, at the end of to-day's proceedings, move the place, where the next Conference will be held.

*Professor H. L. Kazi:* Mr. President and Brother-delegates, I beg to propose that the next session of the Conference be held at Bombay. I hope there will be no opposition to it. For one year at any rate, the place chosen will fulfil the suggestions of both Mr. Nalavadi and Mr. Umarwadia, as Bombay is the headquarters of a Divisional Branch of the Institute, and it will be a different place from the one where this year's Conference is held.

*Mr. R. N. Mehta:* I beg to second the proposal.

*The Honourable Mr. C. V. Mehta:* I take it that the invitation to Bombay is gratefully accepted.

### Consideration of Report of Sub-Committee No. VI.

*Rao Bahadur A. U. Malji:* Mr. Chairman, the first resolution of Sub-committee No. VI which I wish to move is:

"That this Conference endorses the resolution of the last Provincial Co-operative Conference and would agree to any reasonable changes the Registrar and the Provincial Bank may bring about, after considering the last para of Rao Bahadur Chitale's Committee's report dated 4th December 1922, unless the Central Banks' meeting disposes of this question at their to-morrow's meeting."

I must first enlighten you on the subject about which this resolution is framed. It refers to R. T. R.'s; and it is printed on page xxvi of the notes which have been circulated to the members. The proposed withdrawal of concession in respect of the free issue of the R. T. R.'s and how to meet the contingency is dealt with there. In reference to this a special Committee of the Central Banks was appointed, which was to have considered this question at their yesterday's meeting. They have again left it to us to see that this question is finally disposed of by the Provincial Bank and the Registrar. In fact, they had no time yesterday to consider the details in point of Reverse drafts in particular, which were left by Rao Bahadur Chitale's Committee to them. That may require some correspondence with the Accountant General; and as that is likely to take up some time before any satisfactory result is reached, the matter is placed in the joint hands of the Registrar and the Provincial Bank. The matter is rather urgent, for the Registrar has issued a circular to say that it would not be possible for Government to continue the concession in regard to R. T. R.'s for a very long time. Government say that in future Remittance Transfer Receipts would be given to any co-operative society or bank up to a maximum of Rs. 10,000 per day; but a charge would be made for amounts exceeding that amount. If we stick to this portion of Rao Bahadur Chitale's Committee's report, which the Registrar finds it will not be difficult to obtain the consent of Government to, then the only point is one of Reverse drafts; and that point, if you all agree may be left to the joint recommendations to be made by the Provincial Bank and the Registrar. In this way the matter would be disposed of in time. Otherwise, the thing will drag on, and we do not know where we will be placed, and some awkward questions are likely to arise in consequence. In view of this, the words in the resolution "after considering the last para of.....to-morrow's meeting" would be useless, and the resolution would be as follows:

"That this Conference endorses the resolution of the last Provincial Co-operative Conference and would agree to any reasonable changes the Registrar and the Bank may bring about."

I trust the resolution will be accepted by the Conference.

Dr. B. V. Rayakar seconded the resolution.

*Mr. O. Rothfeld:*—Mr. Chairman, just in order to prevent any possible future misunderstanding, I would like to put before the Conference what I understand the position is. The position is that I have to report to Government before the first of October, which means that I must do it tomorrow, whether the modification of the concession in regard to Remittance Transfer Receipts formerly given by Government is acceptable to the co-operative movement, or whether there is any opinion against it. The modification suggested by Government is that in future free Remittance Transfer Receipts should be given to any co-operative society or bank up to the extent of Rs. 10,000 per day, but not over that amount; and any remittances which have to be made over that amount must be made in the same way as they would be by commercial houses. I understand that this Conference is prepared to accept the rule as now suggested by Government, and that I am to report to Government that there is no strong objection to it. If that is so, I shall do so tomorrow.

I only want to add that I personally will not now have the time to go into the question of Reverse drafts with the Provincial Bank; but I have no doubt that my successor will make it one of his duties to do so. I would, however, like to say one thing, and that is that whatever views may be taken by Rao Bahadur Malji and the directors of the Provincial Bank on the means of carrying out this policy, and whatever advice they may give in the matter, it rests with the District and Urban Banks to carry it out. It rests with them to make it their own policy; and I sincerely trust that the real and urgent importance of the subject will not be lost sight of. I know the difficulties are very great; and that measures have to be adopted to get over them and enable co-operative banks to stand on their own legs.

The resolution was put to the vote and carried.

*Rao Bahadur A. U. Malji:*—The second resolution standing in my name runs thus:—

“That in view of the recent rules for Tagavi loans advanced for improvement of lands and the general reductions in the market rates of interest, this Conference respectfully but firmly urges that Government should even at some loss reduce the rate of interest to 5 per cent. on such loans.”

This resolution refers to the rate of interest to be charged on Tagavi loans. As Mr. Anderson told you this morning, the rate of interest is going down and we are trying to take time by forelock. Government have allotted a specific sum for the advance of Tagavi loans for the improvement of lands. Though they are set apart, it has not proved of any very great use; because the interest is fixed very high. The bulk being agriculturists, their interests ought to be safeguarded. If the rate of interest goes down, they must have the first claim on Government, and Government should make it possible to find loans for agriculturists on easier terms. If Housing Societies can claim to get loans from Government at 5 per cent., I dare say you will all endorse that agriculturists should have a prior claim to that very rate. With these words I commend the proposition to your acceptance.

*Mr. P. H. Banatvala:*—Mr. President and brother co-operators, I have great pleasure in seconding the resolution. The resolution is such that, so far at least as the Conference is concerned, it must with one voice support it. As Rao Bahadur Chitale told you the agriculturists as a class have got a prior claim on Government funds. The Government have got at heart the welfare of the agriculturists. Our worthy Registrar on page 38 of the report says:

“The only drawback at present is the high rate of interest charged, which is too heavy a burden upon any capital work of improvement. I hope that the opportunity afforded by the market will be taken to lower the rate.”

I should like to mention that our neighbouring Native State, I mean the Baroda State, is advancing loans at 4½ per cent. I have verified this fact from the Registrar, Baroda State. So, it is not too much to ask our Government to reduce the rate to 5 per cent.

*Mr. D. L. Umarwadia:*—After so many interesting speeches, little remains for me to say; and I do not at this late hour want to inflict a speech on you. Yesterday the whole



subject was advocated by Rao Saheb Desai, and to-day the Registrar spoke on the same point in connection with the Housing Societies. It is a well-known fact that 70 per cent. of the population of this country consists of agriculturists. The system of Tagavi has been in existence from a very early stage in the administration of this country; and during the successive years, you will find that as the co-operative movement progressed, the distribution of Tagavi loans was entrusted to co-operative societies. Our Registrar, you will all agree with me I am sure, has been trying to do his utmost possible limit to get money from Government for advancing Tagavi loans at a lower rate of interest. He has expressed his opinion also that Governments of other countries are giving similar encouragements to agriculture. I am sure the Department, the Sub-committee and the Conference are at one in supporting the resolution.

Land improvement is one of the greatest requirements. The amount of 4½ lakhs of rupees provided for Tagavi loans to be distributed through the Provincial Bank has not been availed of by the agriculturists to the full extent. The rate of interest charged is so high, that the societies find it impossible to accept loans. There may be other reasons for this, but at any rate to a certain extent it is true that if the interest is lower, the agriculturists are sure to make use of it more readily. We must thank the Registrar for starting societies for this purpose and for the consideration he has shown in framing the by-laws. I heartily support the resolution.

*Rao Saheb D. P. Desai* :—I heartily support the resolution. In the past Government have made huge profits from Tagavi transaction.

*Mr. O. Rothfeld* :—A loss of 54 lakhs.

*Rao Saheb D. P. Desai* :—Government borrowed money at 3 or 3½ per cent and lent it at 6 per cent., making a clear profit of 3 per cent.

*Mr. O. Rothfeld* :—I want to make the point clear. The account of Tagavi loans for the last 20 years was gone into this year in detail; and it has been found that the Government has incurred a loss of 54 lakhs.

*Rao Bahadur G. K. Chitale* :—Accept the contradiction and try to answer.

*Rao Saheb D. P. Desai* :—I am at a loss to contradict Mr. Rothfeld's statement; but I venture to say that during the last 20 years the figures...

*Rao Bahadur G. K. Chitale* :—You may differ as regards the figure, but as regards the fact.....

*The President* :—Rao Saheb Desai will be well advised to accept the correction.

*Rao Saheb D. P. Desai* :—Another point I want to bring to the notice of the Conference is this. When the Tagavi passes from the treasury to the cultivator, it does not pass at the rate of interest, at which it was supposed to be given. There is some leakage somewhere of money in the transit. If Government intended the loan to be given at 7 per cent. interest when it is given, it is raised to 8 or 9 per cent. when it reaches agriculturists. We have till now passed so many resolutions about the reduction of rate of interest, about State help and so forth; but we have not as yet appointed the agency through which we are to get the money. I wish to suggest an amendment to this resolution as follows:

"Further, this Conference recommends that the Central Institute of the Bombay Co-operative Societies should take the necessary steps to carry out the resolutions regarding Government help passed by this Conference and to request their respective Chairmen to move if necessary the Government of India to achieve this object."

*Rao Bahadur A. U. Malji* :—I have no objection in accepting the amendment.

*The President* :—I do not think Rao Saheb Desai wants to appeal to the Government of India against the Bombay Government. The truth of the matter is that having failed to carry his resolution yesterday, he wants this to be put in. He wants the Central Institute to approach the Government of India for certain concessions, which the Government of India only can give. I think we will allow him that consolation.

*Rao Saheb Dadubhai P. Desai* :—After that resolution was put, I thought that without Government of India's help, the Bombay Government would not be in a position

to render any help to the co-operative movement. In reducing the rate of interest the Government of India's help is imperatively necessary, so far as the funds in the Savings Bank and the Imperial Bank reserves are concerned. When this Conference has one of its permanent members in a very influential position in the Government of India, I do not see any reason, why this Conference should not take advantage of the services of such persons and make a parallel effort both in regard to the Local Government and in regard to the Central Government. And it is with that end in view that I have suggested that both the Local Government and the Government of India should be approached for carrying out our desire.

As regards the reduction of rates my friend Mr. Banatwala has just told us that the Baroda Government gives loans at 5 per cent. interest. I go further and say there are many Governments in Kathiawar, which give free grants for land improvement. But our Government not only gives loans at enhanced rate of interest or at a rate higher than that at which it borrows, but whatever it gives it gives in such small amounts that the cultivator receives very small help.

With these remarks I place the amendment before you.

*Rao Bahadur G. K. Chitale:* Gentlemen, I must crave your indulgence for a few minutes more. I had no desire to speak, but the interruption of the Registrar has induced me to speak. Let us fight fairly and squarely. It is true that the Tagavi transactions for the last 25 years have landed us in a net loss. There might be honest difference of opinion as regards the exact amount; because that depends upon the way in which we calculate that loss. However that may be, I attribute it to unbusinesslike methods for which the Government itself has been responsible. I also attribute it to the lavish way in which other people's money was spent; because in old days the Government of India used to give free grants for this Tagavi, and our Government was liberal because it was not our own money. The third factor is that this money was distributed in various ways; and I am speaking quite frankly when I say that part of it evaporated and was lost. The amount was lost, because it was spent in unproductive ways. However all that is now changed. The money that now has to be given as Tagavi is ours and is subject to the control of the Council. Our methods therefore will be more businesslike. I hope we will be more businesslike; because the responsibility will be ours. If there is a guarantee and proper and prompt payment, I am sure Government will not grudge us the slight decrease in the rates. Government is always hard hearted and is sometimes liberal; because they have to see that the purse strings are held evenly, and also that their responsibility is exercised in a manner which will be acceptable to all. I am in sympathy with that view. Whatever defects there may be in the administration, let that be said in their favour. We are all responsible for the loss which has been incurred. But now there is a change. We are now asking for a curtailment of the rate of interest. That means that we are also prepared to use that money in a responsible manner. I am sure that the old way of lavishly giving Tagavi is now at an end. Government will also see that it gets another agency which is more solvent than the agriculturists. After all, these Development Associations and all these Credit Societies, to tell you the truth, have evidently been invented for the purpose of seeing that the amount of the Tagavi is not lost. I believe that to be the reason why Government instead of giving Tagavi direct to agriculturists is now inventing another process by which their responsibility will be decreased, and our responsibility will be proportionately increased, and the interest of the whole Presidency will be advanced. Putting it from that point of view, the Government and the Council, if they are assured that there is no loss involved in the process, would, I am sure, gladly accept a little decrease in the rate of interest.

After all, our present Chairman is responsible: he may not be technically responsible now; but he has been holding the strings of this Department till recently; and we may rest assured, that as the patron of the movement, and also as an able representative of this movement, he will do his best to promote our interest consistently with his responsibilities to other departments. The demand is not for the richer middle classes, but for the poorest of the poor in famine tracts; because you must remember that most of this Tagavi is given to famine-stricken districts. In famine times and for famine purposes we are setting aside every year a very large amount by way of a Famine Insurance Fund. If therefore these

people could be insured against famine by way of giving Tagavi, I do not see why the Famine Insurance Fund could not be utilised for Tagavi loans. So here is another fund to be utilised if they have the will to do so. After all it does not matter in which way the money comes. Government might charge a small interest. I believe I have indicated the sources by which this demand on behalf of the poor famine-stricken people, namely the agriculturists, can be met. Our Chairman now holds the strings of Government in the Famine Department and the Revenue Department; and I hope he will rise to the occasion and give his best attention to what we have said on both sides of the question. And I hope that the rate of interest will be reduced in the near future.

*The President:* The Registrar is going to make a slight alteration which I believe Rao Saheb Dadubhai accepts. While he is doing that, I may perhaps be allowed to refer to the remarks made by my friend Rao Bahadur Chitale.

I may state at the outset that although one part of Government, I am not in charge of tagavi loans, which is administered by the Finance Department. I do not mean to say that I shall not try and help as far as possible the carrying out of this resolution; but it is not quite correct to represent to the Conference that the string is entirely in my hands. There is another apprehension which I think I must correct. It was with no desire whatever of trying to save any loss to Government that this system was introduced. As a matter of fact this new system of granting loans through co-operative societies instead of direct was under consideration for a long time; and it was introduced last year at the instance of the then Minister of Co-operative Societies and Mr. Rothfeld. We believed it would help co-operation, if the importance and indeed the efficiency of the co-operative agency was used for the purpose of the distribution of these loans. Reference was made by two speakers to-day about the evaporation, as they wished to call it, of certain sums of money through the process of passing from Government coffers to the actual cultivators. Perhaps there was something in it. In any case in order to avoid any such risk, we thought of the system; and we then gave loans at a rate of interest which exactly corresponded to the rate at which Government were then borrowing. The Government were then borrowing at 6½ per cent. free of income tax; and it was after considerable negotiation with the Honourable the Finance Member that I was enabled to get the rate of seven per cent. fixed for long-term loans to cultivators through co-operative societies. I quite realise that the general interest rate is going down; and I think that it is desirable that Government should at least consider again the question of the rate, at which these loans should be given. The main point however in the whole of this system is not so much the amount of the loan or even the amount of interest, but the trained expert agency to which societies as well as individual cultivators can go for the purpose of carrying out any scheme that they may have in view. A village may have a stream running through its boundaries, which may require to be bunded; but there is no agency at present to which the people of that village, even if they have co-operative societies, can go to see whether a scheme of that character is feasible; first, technically and secondly, whether it would be profitable even if the rate of the loan were small. We realise the difficulty and we have therefore appointed at the cost of Government an officer, whose sole duty it will be to go into any schemes, wherever such are available, and to advise both Government and societies as to the practicability and the feasibility of the schemes. I attach the very greatest importance to this kind of work on behalf of societies; because it is permanent and it is work which benefits a large number of people; and I hope that with the facilities that have now been started—I only say "started," because I think the field is vast enough to employ larger funds and to employ more officers—that the progress will be so rapid as to fill the hearts of co-operators with both pride and pleasure in a very short time.

*Mr. O. Rothfeld:* I venture to suggest the following slight changes in the rider proposed by Rao Saheb Dadubhai P. Desai. It will then read as follows:—

"And further the Conference recommends that the Central Institute and the Bombay Provincial Co-operative Bank should take necessary steps to advocate the resolution asking for concessions from Government in respect of a supply of loans to the co-operative movement and their rates of interest and to request the respective officers to advocate the same cause with the Government of India should it be required."

*The Honourable Mr. C. V. Mehta* : I take that the resolution with the rider suggested is agreed to by the Conference.

The resolution with the rider was put and carried.

*Rao Bahadur A. U. Malji*: Mr. Chairman and gentlemen, the other resolution that has to be moved by me runs thus :

"That this Conference adopts the resolutions Nos. 1, 2 and 4 of the sub-committee appointed at the last Provincial Co-operative Conference and dated 16th June 1923 with the following changes:—

- (i) Add "with full powers" after "arbitration courts" in resolution No. 1, and
- (ii) Add "Assistant" before "Registrar" in resolution No. 2, and
- (iii) Omit resolution No. 3 of the sub-committee as unnecessary, and requests the Registrar to take the necessary action."

I may point out here that this refers to arbitration and liquidation. This subject was in the discussions of the Provincial Conference last year and was referred to a sub-committee. This sub-committee made a report which will be found in print at page 6 of Sub-committees' Reports. The resolutions Nos. 1, 2 and 4 referred to in the resolution just moved and which are now under discussion run thus:—

"1. Resolved that in view of the difficulties experienced regarding attachments before judgments and such other urgent orders, the committee is of opinion that section 43 (1) of the Co-operative Societies' Act be so amended as to enable the Registrar to appoint permanent Arbitration Courts with full powers for any specified area, so that they may deal with applications of an emergent character. The consequent amendments in the rules may also be undertaken."

I shall deal first with this resolution. As you will see, it deals with the powers of arbitrators. As at present situated, the civil court powers are taken away in regard to disputes between members and societies. The civil court has no jurisdiction and in case any emergent process has to be taken, for example, attachment before judgment or arrest before judgment or something like that, then neither the civil court can give that order if the matter has to be hurried through; nor the arbitrator, unless his appointment is first notified, can deal with this subject even legally. Hence the difficulty was found to be practical, and I understand the same arrangement is being made in the new Act to meet this difficulty and permanent Arbitration Courts are going to be appointed, say one gentleman per district at any rate, with full powers to deal with the arbitration proceedings. Only then can such emergent measures at once be taken, and the difficulties of recovery of loans can then be avoided. With this end in view, gentlemen, this part of the resolution has been framed to meet this difficulty, and with a view to seeing that our funds are made more secure. I dare say you will all agree that this was a dire necessity of the day.

The second resolution mentioned in the resolution now before the Conference runs thus :—

"2. With a view to expedite recoveries and save the heavy cost and inconvenience incurred and experienced in Civil Courts, this committee finds it absolutely necessary that Arbitration and Liquidation rules should be so amended as to authorise Registrar to issue warrants for execution, and charge the Chairman, the Secretary or the nominee of the Plaintiff Society or its Liquidator with execution thereof. Any person so charged with execution should be treated as a public servant within the meaning of section 21 of the Indian Penal Code, when engaged in such executions. All further action after attachment should, at the request of the Registrar, be left to the Collector, who will hold sales, grant certificates of sales, deliver possession to the purchaser, and do all other acts as are usually done by him when enforcing orders passed under section 86 of the Land Revenue Code."

It is not intended hereby to establish rival courts. In order to see that Arbitration Awards are soon enforced and that the liquidation process proves successful, the machinery

herewith provided is suggested. If the Assistant Registrar is authorised to issue warrants, the societies will be spared the cost of the civil court, such as the Court's fees which will be saved, pleaders' fees will be saved, bailiff's charges (whatever they may amount to) will, also be saved. In that way we are also more or less enforcing some of the duties on the Chairmen and the Secretaries of societies just to arouse them to their responsibilities. At present they seem to think that their duties end, as soon as a requisition for arbitration was sent up to the Registrar. That is not what it ought to be. We wish that the Chairman is charged with the further duty of taking distress and seizing property, which he may have found; or, if the Chairman is found to be an interested party, we transfer the duty to the Secretary, and, failing him, to any nominee of the Plaintiff Society, and that way we desire that our processes should fructify. For instance, the question arose as to the specific process to be followed. We have an analogy elsewhere. You have claims under the Land Revenue Code. Even if you go to a civil court, the sale and removal of property will be quite necessary; and for that you will have to go to the Collector, because parties will be agriculturists. Instead of going second-hand, we want to go first-hand. The Registrar at once transfers the execution to the Collector, if distress has to be levied; and it is quite necessary that should be done; for we have no machinery to confirm titles, to give certificates of sales, to make provisions for the delivery of possession to the purchasers etc. All these things have got to be done through the Collector in order to be quite sure that the title will be quite secure. It is only with this purpose in view that this expedition is sought by means of this new process, which after all cannot be strictly called a new process; because it is old to all intents and purposes to whomsoever is conversant with the business of recovery of revenue or arrears of rent, wherever they have to be the subject of an order for recovery under the Land Revenue Code. This is the whole object of the second paragraph of the resolution.

I now come to the fourth resolution referred to in the proposition before the Conference. The third resolution has been found to be unnecessary, in view of the adoption of the remaining three resolutions on which the special committee appointed made a report. That was only an alternative for any one of these three, should that one be thrown out; but as the remaining three have met with complete approval, this one has been left out. Now, proceeding to the fourth para of the Sub-committee's report, it reads as follows:—

“That the Registrar be requested to add to the existing rules a provision as to the service of summons in foreign territories in the manner provided by the Civil Procedure Code.”

This relates to service of summons issued by arbitrators. At present there are only two ways of effecting this service of summons, namely, Mamlatdar's agency and registered post; but there are difficulties in service of summons in foreign territory. We do not take away either of these two methods; but we only add to it the procedure allowed by the provisions of the Civil Procedure Code. Evasion of service of summons appears also to have been made easy in reference to foreign territory. This, therefore, is the only machinery which can be laid down with some prospect of success. I therefore suggest that this resolution also is quite non-contentious in its character and that it will achieve the useful propose in view.

*Mr. R. N. Rajadnya:* Mr. Chairman and gentlemen, I beg to support the resolution moved by Rao Bahadur Malji. If this resolution is accepted by Government, I believe there will be a great reduction in arrears and in expenses. I may point out that a resolution like No. 1 has already been passed in the Divisional Cooperative Conference at Pandharpur. As the mover has pointed out, arbitrators have at present got no power of ordering attachment before judgment and in some cases therefore societies have to suffer a big loss. It is not meant by this resolution that the present practice of appointing Honorary Arbitrator for a small area is to be abolished altogether. As there are Honorary Magistrates appointed in each district, so also for each district one or two men should be appointed for this purpose with power to decide the cases. In this way people will save the trouble and expense of going long distances; because one man for a district will not be sufficient; one or two men will be required. Otherwise people will have to go to civil courts, where they will suffer a big loss.

With respect to resolution No. 2, we know that the Committee on Co-operation has definitely stated that the summary power of recovery should not be given in the execution of decrees of arbitrators; but this is a middle course. Now lately many societies have found that according to the Legal Practitioners' Act, for recovery fees of Rs. 50 to Rs. 15 are charged by pleaders. I do not know if this practice obtains all round; but in Karad and Satara talukas, we have found that the pleaders charge Rs.15 even for a small amount in dispute; amounts in dispute between societies and their members are generally very small there. I do not know what is the law in this respect; but different practice exists in different parts of many of the districts in this Presidency; and for this reason the District Judge has also referred the matter to the High Court. But I learn that according to the present law what the pleaders are charging is quite right. So the societies are now suffering a great loss in this respect. In order to avoid this, I suggested what is now before you; and I also think the members of the Legislative Council who are here will at least see the societies do not suffer such a loss in the execution proceedings. Of course the rates charged must be reasonable to all, both to societies and to pleaders. Even for a darkhast application pleaders charge 10 to 15 rupees. This is too much and for this reason I support the resolution of Rao Bahadur Malji.

As for the other resolutions, it is unnecessary for me to add anything. With respect to service of summons in foreign territory, we have the agency of the post office; but in spite of that as matters stand, we do not know whether a summons is refused or is accepted by the party concerned; because after a time we learn from a note by the postman that the summons was served on the man after the date stated by the arbitrator, sometimes a month after the date fixed.

With these words, I support the resolution.

Resolution as proposed and seconded was put to the vote and carried.

*Mr. R. M. Sans*: Mr. Chairman, the business of the Conference is practically over, and I am asked to move the following resolution :

"This Conference places on record its sense of high appreciation of the valuable services, Mr. Otto Rothfeld I. C. S. has rendered to the Co-operative movement, and the conspicuous ability with which he has worked as Registrar of Co-operative Societies, Bombay Presidency, and expresses its regret at the great loss the Movement will sustain by his departure owing to his proceeding on leave preparatory to retirement from active service.

Perhaps I was chosen as the proposer of this resolution, because my connection with the co-operative movement dates from 1906, and I came in contact with Mr. Rothfeld in connection with this movement since that time. So, we are old friends, and perhaps I was asked to move this resolution from that point of view. For the last three years and a half, we have been coming into close contact with Mr. Rothfeld; and we know what interest he has taken in the movement, although we may sometimes have agreed to disagree from him. Of course, every one of us has his own views and standpoints; and in the heat of the moment we are likely to attribute motives to one another; but there was never any misunderstanding which could not be put right. In several cases, I have noticed that wherever Mr. Rothfeld was misled by wrong information or wrong reports, when he was properly approached, he was quite open to correction, and he has corrected his views in several matters, in which I had to deal with him. I think this is the experience of all of you. Besides, he has infused new life into the movement. He was always trying to effect a compromise between the visionary idealist and the calculating materialist. He never liked to have merely those people who built castles in the air and did no practical work. Of course he tried to correct them, and remonstrated with them. His main idea was to build up the real thing not on sand or in the air, but on solid foundations. That was the real motive of all his criticisms, wherever he may have made them. As regards the institution of banks, I know that he has taken to task several Banks. They perhaps did not like that he should take them to task. But if the movement was to succeed, what was he to do but to insist upon those bodies, who advance to societies, to look properly after the money and not to lead the movement into such chaos, that it will lose the confidence of the general public and of the Government? Sometimes his procedure may have had the appearance rather of harshness, but there was no other motive in that but the honest desire to improve the

co-operative movement in the Presidency. With these words, I hope the resolution will commend itself to the Conference, and it will be passed unanimously.

*Rao Bahadur S. S. Talmaki* : Mr. Chairman, I am desired by Mr. Devadhar, who is unavoidably absent to-day on account of illness, to support this resolution whole-heartedly on behalf of the Co-operative Institute. You are all aware that Mr. Rothfeld has done his best for the Institute, not only by way of making the Government to grant all the financial assistance that was necessary, but by raising the prestige of the Institute, not only with the Government but even with the foreign institutions and so forth as far as possible. In view of these facts, and in view of the various sorts of assistance that the Institute has received from time to time at his hands and at his instance also from the officers of his department, I beg to heartily support the resolution which has been so ably moved by my friend Mr. Sane. One fact we have to bear in mind, namely, that with regard to the co-operative credit societies what Mr. Rothfeld has done is to raise the banking side of that movement as far as possible, to make these credit societies real banking institutions, so that if, in course of time, some joint stock banks were to come in the field, our co-operative societies must take their own stand and must be in a position to do all the banking work that the other institutions may do. He has done a lot of work to popularise the banking aspect of this movement; for instance, the cheque, the hundi and the other banking transactions in connection with these societies. So far as the Institute is concerned, I am again thankful to the Registrar; and I express these thanks on behalf of the Institute and on behalf of its Vice-President, Mr. Devadhar, who has not been able to be present here to-day.

*Rao Sahib K. R. Walvekar* : Mr. Chairman, I would like to say a few words in support of this resolution, on behalf of the Urban and Central Banks. During the administration of Mr. Rothfeld, there is no denying the fact that there has been considerable development in the urban co-operative banks in the Presidency; and I can say for certain that these Urban Banks were made more useful than they were before. Mr. Rothfeld has spared no pains to advance the progress of these institutions by giving them every help and assistance in developing all their resources. You all know that it is he who first allowed the Urban Banks to do banking business, which, we all know, plays an important part in promoting trade and industry. I know from my own experience that these Urban Banks have now been able to render financial aid to all the small traders and also the artisans in the town, by giving them financial accommodation. Before they were allowed this accommodation, they used to go to the joint stock banks, and I know from their own mouth that they were not at all treated fairly by them, and the interest they had to pay practically absorbed all their profits. So, the whole credit for the existing state of things is due to the exertions of Mr. Rothfeld. Mr. Rothfeld is a very firm, a very sympathetic, and a very efficient officer, who has worked heart and soul for the success of the movement. So far as I can say, the main principles underlying his administration are his sympathy and his understanding. He not only knew his duties, but he loved them; and I hope you will join me when I say that he deserves our grateful thanks.

*Rao Bahadur G. K. Chitale* : Mr. Chairman, the resolution is in the nature of a leave-taking, and it is the leave-taking of a particular type of officer, and I wish to commend it from that point of view. The resolution itself says that he is going on leave preparatory to retirement. It is no secret that he believes that if the present form of Government had not been introduced, it is possible that this type of an officer would have been available to us for a longer time. In this resolution we are worshipping a type of an officer, whom we would welcome even in the future. The resolution, further, is important from another point of view. Why are we, gathered as we are here, and holding divergent political views, agreed upon voting this resolution? I know that this Conference consists of several members who hold divergent views on political matters; but still, it is my expectation that we are going to carry this resolution with acclamations. And why? The secret of it is that Mr. Rothfeld has tried to do his duty in a proper manner, which has been appreciated by us all. Comparisons are always odious, and I wish to avoid them; but we had other Registrars in the past. With all his firmness and even I might say his biting remarks, which may not have been liked by all, it stands to-day that this Conference is going to vote him a resolution which he will always remember.

I will give expression to one more expectation, and it is this. Mr. Rothfeld has served this country for a number of years in various fields of action, and after enjoying his



rest, I do hope and trust that he will visit us sometimes and give us the benefit of his powers of organisation. We are in need of him. Mr. Rothfeld as Registrar and Mr. Rothfeld as an organiser of a Co-operative Institute or the Provincial Bank will be an asset. I do hope that God will give him good health and strength for a long time; and if he really has the leisure, I would certainly welcome him back to come here for at least a year, and with his experience as a Government officer who has worked through all this field, to help us. We would welcome him to spend a year or even two for this work in order to put it on a good, strong foundation. Allow me to say that the co-operative movement has not yet got a firm foundation: it has to be put on proper principle. Still firmer action is necessary and that can only come from an outsider, who is not either an officer or who is not interested in several schemes. From that point of view the necessity of an officer of his type is urgent, and it will be my prayer on your behalf that we shall soon see him back in his proper field. And we say that we have also a claim on him. He has served us and as a matter of fact, we request him again to come and try to help us on in this movement, which in course of time is likely to give birth to various aspects, apart from political ones, and which will come into prominence day by day. I hope therefore the whole house will carry this resolution with acclamation.

*The Honourable Mr. C. V. Mehta:* Before I put the resolution and ask Mr. Rothfeld to reply, I would like to add my own testimony to Mr. Rothfeld's work and add my voice to this resolution. It is only 5 years since I came into anything like contact with him; but if our intimacy of work is to be any standard, I have no hesitation in saying that this Presidency certainly deserves to be congratulated on having had Mr. Rothfeld as Registrar. (Hear, hear.) All co-operators, and I personally, feel very sorry that the time has come for his permanent severance from this movement. You are all aware that Mr. Rothfeld is a literary author of considerable note. As a rule, authors are usually idealists and visionaries; but Mr. Rothfeld, while he had the imagination of a right character, turned it into practical account, and no better proof of this can be found than in the reference made by one speaker to the rapid development he gave to the banking side of this movement. I have known him for close upon three years with very great intimacy. He was my technical adviser; and he was also a friend in pushing forward the co-operative work with the sole view of benefitting the cultivators and benefiting the Indian population. I know that he is very well disposed towards Indian aspirations, and that he has worked as Registrar of Co-operative Societies with the same zeal which an Indian would show in forwarding this line of activity. I will only add this: To me it is a great pain to part with him practically for good. I may say that he has already offered his services in the cause of co-operation, whenever they may be needed. He is sure to continue his interest in those days of his well-earned and long rest. I may assure the Conference that his assistance will be available, whenever it is required. I shall now put the proposition to the vote and I am sure it will be carried unanimously and with acclamation. (Resolution was put to the vote and carried with acclamation). You may well take this as testimony of the feeling that co-operators possess towards him. One may call him a strong man who expressed his views with fervour and without fear; and all the same he is entitled to our respect for it.

*Mr. O. Rothfeld:* The Honourable Mr. Mehta and gentlemen, I need hardly say that I am intensely gratified at this resolution, which was unexpected, and which you, Sir, were kind enough to allow. Before I say what I wish to say in returning my thanks, I wish just to touch one point.

From what has been stated by Rao Bahadur Chitale, it appears that there may be some idea in the minds of some of the gentlemen here that my going away on leave intending to retire has something to do with the present political constitution or Reform Scheme. I am very much thankful to you, Sir, on what you have said on the subject. I should like to say very emphatically for a long time before the present Reform Scheme was passed or came into practical politics, I had been strongly in favour of such a change; and I have done the best I can, though the extent afforded was limited, to forward the scheme. I am glad to say, it happens to be a truth, that had it not been for the combination of the two factors, namely, the introduction of the Reforms Scheme and simultaneously with it my appointment as Registrar of Co-operative Societies, I should have, almost certainly, retired 3 or 4 years ago. I want to say this quite clearly. I do not want to be understood, thought or suspected for a minute that there is any dissatisfaction at the present system of



Government in my mind. I can assure you, it is true, that I personally have found myself very happy under the present system of Government. If there was anything to induce me to stay on longer it was only after the introduction of the Reform Scheme.

This brings me to another point, which I must take the opportunity to say, and which I could not dwell on before—my relation to superiors in Government. It would have been impossible to mention with any propriety before this day. I wish to say that since the Reform Scheme, during the whole period I have been the Registrar with the exception of the first nine months. I have been brought into contact with three members of Government—one, His Excellency the Governor; two, the Finance Member; and three, my own Minister, the Honourable Mr. Mehta. I cannot say too strongly that in the case of all the three, myself and the co-operators as a whole have always received nothing but great support and the desire on every occasion to give every assistance that could reasonably be given. The first few months before the Reforms Scheme came in, I was peculiarly happy in the interest and active support given by His Excellency the Governor. Had it not been for that, it would have been very difficult indeed to have achieved the progress that the co-operative movement has now made. Since the Honourable Mr. Chunilal became the Minister, occasions for any direct reference or dealings with His Excellency were much less, for the simple reason that support was always found in the Minister. I feel I owe him a debt of gratitude for the stimulus and incentive he gave and the thought and consideration which were brought to bear on the movement by constant contact with him, a man of utmost ability, trained in the conduct of business and trained in public affairs, bringing forward always a fresh point of view, untrammelled by official conventions.

I will now come back to express my thanks to the Conference. It is obvious that any one who has spent 24 years in this country amidst great happiness must feel many regrets when he has to leave. I have been very fortunate in my friendship, and can count a large number of intimate good friends, some of whom are here in the hall, and I have nothing but gratitude towards them. I listened to the speech made by Mr. Sane; and in many ways I am pleased. I think it is desirable that we should express anything that we wish to say clearly and frankly in plain language. I think I have always expressed my opinions openly and honestly, and I hope many people would do it. On many occasions I have had to differ from many of the resolutions discussed in the Conference. I gave my opinions frankly and opposed; but when once the resolutions were passed and I had to give way, I have always tried to carry out the decision loyally, and I have accepted them as my own and carried them out with as much zeal as if they had been my own.

Well, I am stating this not for self-praise, but because I want to emphasize how essential it is that every member of the co-operative movement,—if you are going to make the thing the thing that it ought to be,—every member must have that habit of feeling that once a thing has been decided on in a committee in a democratic way, you must do your best to carry it out. There must be no feeling of resentment afterwards, no feeling that my own view is better and must be carried out. They must do it with one sense of discipline and unity. I trust that this feeling will always animate the co-operators of this Presidency.

I have always felt in India that the great qualities of the people are essentially qualities of humanity, kindness and a general feeling of sympathy and a great wealth of gratitude. They are qualities which I think are of the very highest importance in life; they are qualities which make social intercourse and social life agreeable, and which are of great value in human character. I suppose if I speak of the leading characteristics of the European nowadays, the European of modern times, I should speak rather of efficiency and discipline. I know that Europeans are very much inclined to overvalue efficiency nowadays; and it has almost become a battle-cry and catchword. I know it is overvalued and I say I am inclined to lay very great stress on the other qualities of which I spoke. But I think there is one thing to be said, and that is that in the conduct of great public business you must have at least a certain degree of efficiency, and that implies also a certain amount of discipline. But if I may suggest a fault, it is that there is in the co-operative movement too great a tendency to be lenient to defaulters and a tendency to mistake the expression of a desire or a wish for its efficient realisation. I would be glad, if it were possible to see that character combined with a greater desire for efficient performance of work spread throughout the people, while at the same time, I trust, always preserving all those qualities of friendliness, humanity and kindness of which I have spoken.

I have often when I have been on tour in India enjoyed that early hour in the morning, when one wakes up to find a gray light forming into a pink light and becoming yellow: the sun rises in the horizon, the birds begin to sing and the whole Nature seems to be awakening: you know the full strength of the summer day is coming, that the land is to be fertilised and men are going to labour. It seems to me that the co-operative movement has reached a stage, which reminds us of that dawn. The sun is over the horizon; we have heard I think the first songs of triumph; the labour of the day is before us. I trust that all of us here will not be indulging in mere catchwords, in seductive leisure and repose, but will go forth strongly and firmly to the field, put our hand to the plough, and till the soil of national prosperity, of national character and national integrity.

Gentlemen, I thank you for your sentiments.

*The President:* Gentlemen, while dissolving the Conference, I should like to say a word or two as to the far-reaching character of some of the resolutions, which you have passed and as to the effect which they may have, unless we take some of the precautionary measures which I believe myself are necessary. As an ardent well-wisher of the agricultural population, I am entirely at one with the Conference in trying to see its resources improved and extended by loans either from the Co-operative Banks or even from Government, where it may be necessary. This is a common cry; and it is a complaint, which is not by any means confined to India. A few days ago I came across this book, (United States Department of Agriculture - Year Book, 1922), which is the latest publication that we have received of the United States Department of Agriculture, and it will perhaps be interesting for you to hear that the same feeling animates Western America, and that everywhere the cry is for greater funds, so that we may not be disappointed if we find that we have only such small resources at present available to the Co-operative Movement. Incidentally it will show that while we are content with sums like a hundred or two hundred a head, in America, although they get 10,000 dollars, (i. e. Rs. 30,000) they want to raise it to 25,000 dollars (or Rs. 75,000). Among the recommendations of the National Agricultural Conference were two which dealt with the matter of farm-credit. One urged the increase of the maximum which may be loaned to an individual by the Federal Farm Land Banks from 10,000 dollars to 25,000 dollars. The other expressed the need for a better system of credit for production purposes. Neither of these recommendations have been acted upon as yet, although the need of favourable action is urgent. The second part of the recommendation brings forward precisely the same needs that we have. Particularly there is needed a system of intermediate credit, under which the farmer can borrow for periods of six months to three years. This form of credit is needed especially for live-stock production and feeding, and for development purposes; for example, the purchase of certain kinds of machinery, the building of silos and barns, the fencing and draining of land, etc. The need for credit of this sort has been recognised for a great many years. The lack of it made necessary the activities of the War Finance Corporation during the past years. Agriculture should not be required to depend on emergency organisations of this sort. Well, it is clear, therefore, that we are not singular in our needs.

One thing that struck me in the three years that I have had the honour of being connected with the Co-operative Department, is the necessity for not only giving larger sums of money and sums of money at cheaper rates of interest to cultivators, but the necessity of seeing that these loans are properly applied, and that the true principles of co-operation, namely thrift, self-help, honesty and integrity are also developed at the same time, that the material condition of the people is developed. I am one of those who are very strongly of opinion that it is useless, it is wrong, to expect high standards of morality and honesty from people, who are practically on the verge of starvation. But I think that in the state of things which has gone on for so many years, it is all the more necessary that while we give cheap credit, we should also see that it is properly applied. I do not take you into the regions of high finance; but I think it is my duty to mention to you what has been borne in upon me very strongly during the last three years, and to place before you the specific recommendations, which I made before I gave up my connection with the Co-operative Department, and which are at present under the consideration of the Co-operative Institute. You will remember that in the year 1921, when the Conference was held, that is the first year that I presided, I insisted upon the necessity of supervision by financing agencies and by other agents over the working of co-operative societies.

With that end in view we got the Provincial Bank and the District Banks to agree to appoint inspectors whose duty it will be to look after the proper application of loans, and after considerable negotiations we got the Provincial Bank, with its usual readiness to help in co-operative matters, to give one half of the expenditure, Government bearing one quarter and the District Banks bearing the other quarter. But I must say that that sort of supervision and inspection is by no means enough; and I think that it is desirable to take the Agricultural Department also and not merely the Co-operative side of it or even the narrow portion of the financial side of co-operation. With that end in view we brought into co-ordination the Agricultural and Co-operative Departments under the Bombay Government. Further with a view to bring the opinion of cultivators and non-officials more to the front and to make that opinion more strongly felt by the authorities, we started also Taluka Development Associations, whose progress I shall be glad to see as time goes on. That in my opinion is also not quite enough, and I am now suggesting that in addition to the Honorary Organisers, whose labour in the cause of co-operation is beyond all praise, we should have a number of persons properly paid who shall devote their whole time to the purpose of propaganda in rural areas, both in the matter of co-operation as well as agriculture.

His Excellency, in his speech, has told you that this Government maintains only about 50 officials in the Co-operative Department, a number which is far below that employed by any other Provincial Government in India. We have accepted that principle joyfully. We want the co-operation and the assistance of non-official workers, wherever it is obtainable, and we suggest now that instead of Government appointing these whole-time officers, we ask the Co-operative Institute to appoint these officers with a grant from Government specifically given for this purpose. I believe that the Co-operative Institute is the proper body to function in this respect. You must have read from the Registrar's report, which, I must say, read to me like a novel, rather than an ordinary cut and dried report of Government Departments. You must have seen that not only are the overdues growing rapidly (something like Rs. 31 lakhs last year were overdue, which amounts to about 18 per cent.), but that positive dishonesty is making itself felt in various districts in regard to the co-operative movement. I think that is a sign for us to take care; and while I am proud that this Government has attained the first place and has given the lead with regard to co-operative matters, that it will not be maintained, unless the same strict watchfulness is devoted to the working of this movement; and I cannot think of any better method of getting this supervision which will hardly be felt as supervision, than that conducted by the Co-operative Institute. There was one complaint, which was brought to me often in regard to the work of co-operative societies and of the committees of societies, which rather lends colour to the apprehensions that were felt by Rao Bahadur Chitale and rightly felt, that we have to make the foundations of co-operation stronger and firmer than they are to-day. Are we quite sure that in the working of these committees everybody gets his due share? Are we sure that in the working of these committees the poorer cultivator always gets his needs properly fulfilled as against the richer cultivator or do we not find that the strong man in a village collars everything or almost everything he wants, and the poorer cultivator is left out in the cold? That is a reproach which I am afraid is to a certain extent justified, and which I think must be removed, if we want to make the influence of co-operation properly felt. In my last visit to Dhulia, I appointed a committee to inquire into the great need which was very strongly represented to me by the people there, and which has indeed been represented also with regard to other parts of the Presidency, that if we want to carry out the true purpose for which this movement was started, namely, to relieve the cultivator from all dependence upon the sowcar and to reduce his indebtedness, to give him the necessary means of making his cultivation profitable, we should do everything we can to remove the handicap that has been placed upon individual borrowers. Some five years ago, as Chairman of the Central Co-operative Bank, I was in charge of a committee which recommended to the Conference, as the most important resolution of that Conference, the necessity for prompt and adequate finance. I am glad to find that the first resolution of this Conference, which in my opinion is again the most important resolution, carries us a step further even than what we did in the past in removing the limits which exist to-day, with certain proper safeguards to ensure that the money given will be used to the best advantage as suggested in the

plan, which I mentioned to you. I thought it desirable to inform the Conference of what has been in the mind of Government, and what we have already sent for consideration to the Institute. I have not the slightest doubt that the Institute will give it due consideration and will press upon Government the necessity for the appointment of these officers and will ask Government, who I think sympathetically consider any request, for financial assistance in this particular regard. Rs. 200 or Rs. 300 per man is absolutely nothing to a cultivator who has economic holdings of some magnitude—such holdings as we want to encourage;—and if they were to raise these limits, it is our duty to try and see that mal-practices do not take place, and that the money which has been received either for the purchase of bullocks or for purchase of seed is applied to that purpose only and not diverted to anything else. Nothing will tend to raise the moral tone of societies (which is after all the true intention of all our efforts in co-operation) better than to see that promises are properly carried out and the objects for which loans are taken are properly subserved. I consider that very important; because I believe that the co-operative movement is a true instrument of national advancement and of our development in future; and I hope that no member of this Conference will rest satisfied, unless he finds that honesty and thrift are the watchwords of every cultivator in the Presidency.

*Rao Bahadur A. U. Malji* : Gentlemen, we are now at the close of our sessions and you can readily understand what I am here for. It is now my pleasant duty to propose a hearty vote of thanks to the Chairman (Applause). Even though so many years have elapsed since the co-operative movement originated, and in spite of the annual sessions of the Co-operative Conference, there are still people who enquire, "Has co-operation succeeded?" I have only to point to the gentleman here in the chair (The Honourable Mr. C. V. Mehta) who has also acted as the Honourable Minister of Government or Member of Government in whom you can see that it is co-operation—his success in co-operation—which has more or less dragged him to this very responsible position which he occupies with so much distinction and credit (Loud applause). We all know what he told us, namely, that he was first a co-operator and then a Minister or Member of Government. Gentlemen, if with such a leader in our co-operative activities, if he has succeeded in his achievements first as a Minister appointed from the elected members of the Legislative Council, and later as a Member of the Executive Council of the Governor, I can only say that our efforts have completely fructified. We all know the labours which our Chairman has bestowed on all sorts of activities in the Co-operative Department. You have seen him working on the Bombay Provincial Bank; you have seen him presiding at our various Conferences, and sometimes at very short notice; and he has never as a matter of fact hesitated to give us his helping hand, to enumerate all which does not I daresay require any long speech from me. Many of his activities have been recounted; and I only say therefore that after a formal seconding of my resolution you will all pass unanimously and with acclamation a cordial vote of thanks to our Chairman, the Honourable Mr. Chunilal V. Mehta.

*Rao Bahadur S. S. Talmaki* : I have very great pleasure in seconding this motion for a very hearty vote of thanks to the Chairman and request you to pass it with complete unanimity and approbation (Loud Applause).

Before we disperse, let me draw your attention to a few items on the supplementary agenda, especially in connection with our discussion with some of the members in respect of management of the Institute and its Branches; and those of the delegates who wish to remain for the discussion on Ghent Exhibition may come back at 3 o'clock this afternoon.

*The Honourable Mr. C. V. Mehta* : I wish to thank you very much for the very cordial terms in which reference has been made to me. I consider it a great honour that I have been allowed to be the Vice-President of the Conference for nearly three years. That in itself is a great honour which I prize very much indeed.

I now declare the Conference closed.

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# Appendix I.

## Notes on Subjects proposed for Discussion.

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## I. RESOURCE MOVEMENT.

### 1. PRIMARY SOCIETIES.

#### (i) RURAL.

#### (a) Basis of Fixing Limits of Loans for Individuals in Agricultural Credit Societies ; Assessment of borrowing capacity of Agricultural Credit Societies.

1. Mr. V. L. Mehta :—In the Co-operative Societies' Act itself there is no provision limiting the amount of loans which may be advanced to an individual member of a rural credit society. Section 43 (o) authorizes the Local Government to frame a rule prescribing the amount which may be lent to an individual member. No such rule has, however, been framed by the Government of Bombay. The model bye-laws framed by the Co-operative Department contain a bye-law laying down that the "sum due to the society from any single member shall not exceed Rs. \_\_\_\_\_", the blank standing for a fixed sum to be suggested by the society or its promoters and approved by the Registrar and unalterable without the adoption of a formal amendment at a general meeting. I have hitherto been unable to discover the basis on which this limit is fixed. In a recent Departmental Circular, it was made dependent on the amount of owned capital in a society. It is sometimes explained that the limit depends on the age or size of a society, the total resources it commands, the efficiency of the management; and only rarely is any relation recognized between the limit and the needs of the members in respect of their agricultural industry.

We have recently introduced the system of fixing normal credits for individual members of primary societies. Bye-law 35 provides for this and the Provincial Conference of 1921 had a special resolution on the subject. The lines on which the credits of individuals will be determined may be briefly indicated. The main criteria would be the average ordinary requirements of the member for pursuit of his trade, the value of his land, his earning capacity and annual income, his character and record as a member. The approximate time when loans will be required and what repayments may be expected will also be mentioned. The statement containing information should be prepared by the Secretary and laid before the Managing Committee, which should consider the recommendation it would make for each individual. The statement should then be submitted to the general meeting, which alone can fix the credits in the presence of all the members. Under the credits fixed, the committee will have to exercise its discretion and will be at liberty to suspend further advances, if loans have been misapplied, if the crops have failed, if the member has proved disloyal, or turned defaulter, and for such other reasons. But in all ordinary cases, the needs of members should be met punctually according to the statement of normal credits and financial facilities to meet such needs arranged for in advance. Once these normal credits are fixed after consideration of all factors which affect the credit-worthiness of a member, societies need not be tied to some fixed, more or less arbitrary limits of loans for individual members. They will be then in a position to advance loans to individuals according to requirements, thus hastening the advent of the day, when the society will be the sole creditor of its members. The effect of the present arrangement, particularly in tracts where irrigated or other rich crops are grown, is that a member is often unable to finance his entire agricultural operations without being disloyal to the society. He has to borrow from a *sowcar* and get back into the morass from which his society is intended to relieve him. Or he takes loans in the names of his friends and relations and thus frustrates the object for which the limit is imposed. In the societies on the Canals the amount of loan to which a member is eligible is regulated by the acreage of lands held by him. This is certainly a better standard than the rigid limit imposed by the bye-laws.

In enumerating the various criteria for the assessment of the credit of a society, the Committee on Co-operation do not, also, it is interesting to observe, suggest any absolute limit beyond which loans to individuals should be inadmissible, and they leave the normal credit to be fixed by the general meeting. In Germany, the system of assessment of the credit of primary societies and the fixing of the normal credit for members is exactly on the lines sketched by the Committee. There is no mention in Mr. Darling's book on Co-operation or Mr. Cahill's Report on Co-operative Credit in Germany of any limitation of credit based on the amount of members' deposits. Mr. Calvert in his 'Law and Principles' refers to the maximum limit fixed under the Friendly Societies' Act and in the Russian Co-operative credit system, and mentions that in the

Punjab no member can get a loan exceeding one-tenth of a society's working capital and in Hungary in excess of 15 per cent. of such capital. In France, it is not incumbent under the law to fix the maximum limit although most societies do prescribe one. In India, again, it must be remembered, the question is complicated by the absence of any other organized agency for banking or any system of land mortgage credit. In Germany, for instance, if any individual asks for too large a loan which his credit society refuses he may turn to the land mortgage association which will grant him the necessary accommodation if he produces the requisite security.

To turn to the practice in India, one finds this view confirmed. In the model bye-laws for agricultural credit societies with unlimited liability, neither in Behar, Bengal, Assam, Burma nor the United Provinces, does one find any maximum amount prescribed beyond which an individual cannot borrow. The limits are fixed annually by the members themselves, subject to the scrutiny of the financing agency or the local union. In Madras, there is a limit; but the effect of it has been such that the Registrar himself complains of inadequate finance and has had to issue special circulars on the need for providing adequate finance to members. In none of these Provinces, is the amount of members' deposits held, taken into consideration as a factor in raising or lowering the limit of loans for individuals. In our Presidency, too, the procedure should be that when once credits are fixed for individuals and are subject to scrutiny by the financing agency, no maximum limits need be imposed for loans to individuals. The Rules may provide for a general limit for all societies, if at all any limitation is necessary. Or it may be prescribed in the Bye-laws that no individuals shall be entitled to a credit in excess of some fixed proportion, say, one-fifth or one-tenth of the working capital.

*Basis for Assessment of Credits of Societies.*—The next point is the determination of the borrowing capacity of agricultural credit societies of the unlimited liability type. According to the Rules framed by the Government of Bombay under the Act, the maximum liability of every society with unlimited liability is to be fixed, from time to time, in general meeting and be subject to the approval of the Registrar. No indication is given in the Rules or in the Act as to the manner in which the liability should be fixed, either by the society itself or by the Registrar. The limit referred to in this Rule is a very important one, as it indicates the extent to which members are prepared to pledge their joint liability, and hence restrict the unlimited liability which the members of a society undertake. Not much importance is, however, attached in practice to the fixing of these limits, and they are not revised annually as is necessary under the bye-law. Moreover, they are often arbitrarily assessed, sometimes in proportion to membership and assets, occasionally in proportion to the owned capital, and only rarely in relation to the needs of members. The first three are certainly factors which go towards the determination of the credit-worthiness of a society, but the main basis of assessment is the needs of the members. To base the credit-worthiness merely on the estimate of the needs of members, however, is a very unsafe proceeding, and it is necessary that normal credits for individual members must be fixed in every society which desires to secure the advantages of prompt and adequate finance.

The total of these credits, less the owned capital consisting of the reserve fund and members' deposits, would roughly constitute the amount of outside finance required by a Society. On this basis, its borrowing capacity may be fixed after taking into consideration such factors as the instalments of previous loans outstanding, or the repayments anticipated before the final drawing of the demands. These statements of credits will provide the principal data on which the credit of a society should be assessed. But the data will have to be verified and tested by other factors. These tests are the sound management and co-operative character of the society, and its record as regards the proper employment of capital provided and the punctual repayment of their dues by members. Then there is the total value of the property held by members, which, in societies based on unlimited liability is, in the ultimate resort, the security for creditors. The earning capacity and average income of the members provides another criterion, giving as it does as an index to their ability to use the money profitably and repay punctually. Another factor would be the amount of owned capital raised, as such capital stands as a buffer between the creditor and the individuals who assume unlimited liability. Such owned capital consists of reserve funds and members' deposits. The latter, however, afford security only if the deposits are permanent, or are fixed for the long period of five to ten years. The suggestion now made is that whatever be the security afforded by the factors mentioned in the first four items, the



credit-worthiness should be made to depend on the last-mentioned item. And even in respect of the owned capital the reserve fund is not to count. That, as the Committee on Co-operation recommended, was the soundest method of increasing the owned capital. We are, therefore, thrown back on the amount of members' deposits as the sole criterion of credit-worthiness.

But before examining why this is both undesirable and impracticable, it is necessary to draw a distinction, from the point of view of the present discussion, between the various classes of deposits such as savings or short term deposits and long term or fixed deposits. The class of members' capital that really serves as security for creditors is instalment shares as in other provinces, or permanent or long term deposits. These funds serve as the second line of defence, the first being the reserve funds—if losses are incurred and societies go into liquidation. A system of compulsory long period deposits to be payable by members at harvest has, therefore, much to commend itself to co-operators. In other areas, the procedure is to deduct certain percentages from loans advanced. Both, within limits, are good methods of gradually adding to the owned capital. What some critics require, however, is not the gradual accumulation of funds, but the holding, at the start, of large deposits in savings accounts or for short periods. Now such deposits only afford an index to the confidence, the members repose in their societies, but do not in any sense represent special security to creditors. On the contrary, the holding of such deposits, without adequate provision for fluid resource, may be financially unsafe, not only for the societies, but occasionally even for the financing agency to which they are affiliated. Therefore, the holding of such deposits can be no real standard for credit-worthiness, although all co-operators should assist whole-heartedly in promoting the development of this side of co-operative credit. But the growth of this system of savings and short term deposits among an educationally backward agricultural community is bound to be somewhat slow. The first requisite is confidence; and confidence will be established only by promptness in meeting requirements. In this respect, our societies fail miserably, and hence the attraction of savings or surplus capital can follow—and not precede—the provision of prompt financial facilities and the supply of adequate capital for the requirements of the agricultural industry.

At present, the needs of members for current agricultural expenses are not met fully and surpluses if any are engaged in financing the agricultural industry. Rural education is still backward; and the expansion of deposit banking can only succeed its spread and not precede it. Another point is the inability of a large portion of the existing societies, isolated and unguided, to meet liabilities on maturity. The reason why an agriculturist will deposit with a *sowkar* and not with a society is that there is absolute certainty about repayment even on demand with the former. In societies with their present inelastic rules and inefficient methods of conducting business, agriculturists may have to wait for days and days before they can get their money back. The grant of overdrafts may meet with this grievance; but overdrafts can be granted by societies only if they enjoy credit facilities from their central banks; and starved as they are, at present, even for the current agricultural needs of members, most societies cannot afford the luxury of an additional reserve credit for fluid resource purposes. Besides, only well-managed societies with responsible secretaries and educated committees can be trusted to undertake this developed type of banking work. The conclusion, therefore, appears to be that unless we provide proper banking facilities and train up the office-bearers, it is not possible to expect any substantial increase in voluntary deposits even in the richer districts of the Presidency. At the present time, investment in land seems to agriculturist the only safe and sound method of using his savings. It is land which has yielded him a profit and it provides a security for future. Agriculture is the only occupation he understands and can supervise efficiently, and if a trader invests his profit in developing his trade, a mill-owner in starting more mills, a dealer in shares in the purchase of additional shares, there is nothing surprising about an agriculturist investing his earnings in landed property. The evil can only be checked by the development of the banking system, the improvement of the financial arrangements, and the growth of confidence in societies as channels for investment.

On all these grounds, it will be evident that to fix any arbitrary proportion between the owned and total capital in societies with an unlimited liability is wholly unjustifiable. The justification of fixing a proportion in all concerns with a liability, limited in relation to shares, is that the shares and the reserves and the owned capital form the guarantee fund,



and provide the basis on which the institutions raise further capital. Hence the need to ensure that the liabilities are not unduly large in proportion to the guarantee fund. The basis of the guarantee in an institution with unlimited liability is essentially different. It consists of the joint and several liability of the entire body of members. In their corporate capacity, they can borrow upto an extent commensurate with the total value of their assets which can be pledged as security. This has hitherto been, in all Indian provinces, the standard for assessment of borrowing capacity, modified only by the credit-worthiness of Society. Such credit-worthiness is determined by several factors of equal importance, chief among which are the needs of members, their productive capacity, their assimilation of co-operative principles, as gauged by the management of the society, and their faith in their own institution as judged by the amount of their savings deposited in it. It is neither necessary nor desirable to attach undue importance to only one among the several factors which go to determine the credit of a society. Even in so highly organised a co-operative system as prevails in Germany, the impression seems to be that when a group of individuals assume joint and several liability, that in itself is the main security which their institution offers to a creditor. All other factors recede in the background. Mr. Darling mentions several types of societies where the members, having insufficient resources, resort to unlimited liability or multiple-limited liability with the sole aim of adding to their borrowing capacity. If this is the position in so rich and so well developed a country as Germany, we can surely ask for some time before our deposit system enables us to pass rigid tests in the development of a sense of self-help and self-reliance.

Section 30 of the Act lays down that a registered society shall receive outside deposits and loans on such terms as may be prescribed in the Rules or Bye-laws. As mentioned above, the maximum liability fixed by a society under its bye-laws for incurring borrowings by way of outside deposits or loans is subject to the sanction of the Registrar. In fact, the figure is mentioned in the bye-laws and is not alterable save in the manner provided for the amendment of the bye-laws. In practice, it is difficult, if not impossible, for the Registrar or his staff to assume this responsibility, especially now in the Bombay Presidency. The Co-operative Department has eschewed all responsibilities for the detailed supervision of societies and has no district staff which can assess the credit-worthiness of primary societies. Any attempt to regulate so delicate a matter as the fixation of credit on the strength of audit reports or after inspection of records is undesirable. In other countries, unions may undertake this work and they would do the same in this Presidency if we had all our societies affiliated to some union or other. Where we have unions, the work is entrusted to them; but the bulk of our societies owe no allegiance to any union and it has not yet been decided what supervising and controlling authority we are to establish in their stead. For the present, the only local responsible agency we have available is the central bank. In some countries intervention by a central bank in matter of internal management such as the grant of loans or credits would be deemed objectionable. In this Presidency, as in most parts of India, however, the proportion of capital obtained from central banks by primary societies is so large and the proportion of owned capital is so low, that the central bank is vitally interested in the financial well being of its affiliated societies. Hence, the course of action suggested should be acceptable to the Societies and to the Co-operative Department; while it is in the interest of central banks themselves to conduct the inquiries necessary for the assessment of the large credits granted to affiliated societies. Such inquiries should provide a basis for the determination of their total borrowing capacity by the societies themselves, and its approval by the Registrar.

2. **Rao Bahadur A. U. Malji**:—Excepting in a very few societies loans are advanced to the individual members of agricultural societies according to their needs which are presumed to be examined and checked by the Managing Committees. This expectation of checking the loans is hardly realized in practice. The truth is that a great scope is left to individuals and members of the Managing Committee to act in concert to work the rule more in breach than in observance.

2. The correct rule ought to be to grant loans to the agriculturists on the basis of an agreed amount per area cultivated as proved to the Committee from an extract of the Record of Rights, and to grant a further loan not exceeding the fixed limits for purposes other than agriculture such as marriage, house-building &c. Non-agriculturist population may be given loans on the same basis on which agriculturists are given loans for non-agricultural purposes.

3. If loans are granted on the above basis, large land-holders who have at present no place in the business of the society will interest themselves much more and the business of the society will also expand considerably on a sound basis.

4. The aforesaid basis is already in vogue in the Canal area and is found to have worked well.

5. In Weavers' Societies also loans per loom is the usual rule, and further loan is also permitted for other objects so that the suggestion is not altogether new. The writer is sure it will not be resented by the societies concerned.

3. **Mr. B. V. Halbe:**—By a normal Credit we mean the required limit of Credit by a member of an agricultural Co-operative Credit Society and it is fixed according to the needs as shown by him, after taking into consideration (i) his income from all sources, (ii) valuation of his assets and (iii) the limit accepted under Bye-law No. 33. Also his arrears to the society, the purposes of the loan and the cultivable area for which amounts are required, are not left out of notice.

2. It is worth noting that the needs (by which limit under Normal Credit is settled) as shown at present are not proper or are altogether false in 50 cases out of a hundred. At least this is my experience from various societies under Islampur Branch of the Bombay Central Co-operative Bank Ltd. The causes of this defect are noticed as below:—

- (i) The former practice—or in low classed societies the present practice—of taking an indefinite amount for an unnamed object is still telling on the new system.
- (ii) False purpose or to be more accurate some purpose out of sheer necessity is advanced for taking up some amount.
- (iii) Vague purpose, like current agricultural expenses, household expenses, is shown; or one main purpose is given to cover the whole required amount.
- (iv) Where there are "Binami" or "Paper" transactions, the purposes are nothing but bogus.
- (v) To have more instalments false purposes, which cover 2 or 3 instalments, are shown.
- (vi) If a loan is denied under a particular purpose, it is sought under the name of some other purpose.

Hence it will be seen that the basis of fixing a limit of Normal Credit according to the requirements is reduced to mere farce. It is also noticed that some members do not understand the desirability of giving real causes for which the advances are required, while some are unable to properly forecast their requirements for the whole year. Even if some of them try their best to give some idea of their requirement, it is likely to undergo fluctuations according to the rain which is too uncertain. There is still one more difficulty viz:—The members of the Managing Committee, through whom the necessity of giving true and exact information is to be taught, are themselves ignorant or reluctant to take out the required information. Their argument is "we are honorary men and how much work is expected of us?" The Secretaries also tell us that they get very low pay and they are not prepared to explain and prepare all lengthy statements that may be required.

3. Even with all these difficulties if some figures accurate or inaccurate are received about requirements of every member, we must get the exact idea of their incomes from various sources. The more accurate idea of income be available, the more effective it will be to assess credit. But what we find at present is some figures are placed according to requirements against the names of most of the persons.

4. Valuation of assets also is not complete and up-to-date in some societies. It will have to be renewed after every five or seven years, when records of rights are revised by Government.

The limit under Bye-law No. 33 of individual borrowing capacity must now give place to the limit of Normal Credit of every member, as it is recommended by the General Meeting of the Society scrutinized by the Inspector of the Financing Bank and sanctioned by Authorities concerned. The Bye-law limit has proved to be of no important use, but has served a stumbling block in the following ways:—

- (1). It has given rise to mischiefs such as Binami transactions, taking loans by two or more members of a joint family or taking loans for the same purpose by Land-lord and his tenant. There are numerous instances of such transactions in societies under Islampur Branch.
- (2). Open violation of this By-law is not an uncommon thing.
- (3). When a member finds the loan from his society insufficient, he goes to some other lending Agency or a Savakar.

These defects are found more where most of the members are dry-crop farmers and few leaders raise irrigated crops. The needs of the latter are more than the average requirements and hence they require amount in excess of the By-law limit.

The supporters of the By-law limit system will argue that the limit may be raised in case of such few cultivators, who feel it quite necessary to have advances in excess of the limit. But the present lengthy procedure of raising the limits and the time required to get the By-law repealed, are found to be too troublesome to be taken to so frequently as may be required. It is because of this that the mischievous ways are preferred to these so easily. One cannot understand the necessity of taking up to this old and rigid system with all these defects which nullify its object, even though it is not based on any sound financial ground, and though a superior and flexible limit is possible. Following few points will give some idea of the tension to be borne by the limit:

(1) When some successive years of famine affect a village, and the members of a society in such a village are not in a position to make any repayments, the limit of Normal Credit will have to be raised beyond the limit of By-law in many a case; because without any recoveries new advances will have to be made for the new season. If such advances are not made, the members will not be able to raise new crop, from which they may expect to repay; or they shall be compelled to seek new Savakar. Will it be wise to force them to prefer either of these courses?

(2) In case of annual crop or perennial crop like *पानसडा*, new expenses are required before any recoveries are obtained. Here temporary increase in Credit Limit will have to be allowed, if adequate financing is to be maintained; or the Credit Limit will have to be kept at such a high level that it will accommodate perhaps one and half years' requirements. Instead of sanctioning such a limit for the whole year, temporary rise should be preferred which will allow less room for any misuse.

(3) Such produce as is not easily perishable like jaggery, tobacco &c. is not sold immediately, but is detained till better prices are offered; at least it is detained till rainy season. In such cases either the Credit will have to be raised temporarily, or there must be Sale-Societies which will make advances against securities of goods stored in their Godowns.

Thus it will be seen that under all these circumstances a flexible limit must exist; otherwise mischievous ways will be preferred, or cultivators will be forced to seek some other Savakar in addition to the society.

It is also noticed in some societies, that when a few members fail to repay or avoid to repay their dues at the fixed time, and when these members have appropriated a big sum, the arrears swell so much, that if the owned capital be scanty, the dues from the Financing Bank become overdue and new advances are stopped by the Bank. I do not think that for the sake of a few defaulters the remaining majority of punctual repayers should suffer. Some relief for punctual repayers must be obtained; and the financing Agencies should see upto what per cent. they can allow the arrears to swell without stopping new advances and on what conditions these should be.

By the bye I wish to draw attention of the authorities concerned to the fact that the delay in sanctioning the Maximum Credits to the societies is at times too much. From the time of forecasting his requirements by a member to the time of the knowledge of the sanction of the Maximum Credit to the society, it goes at times upto three months. There are three bodies that can be the cause of the delay: (1) Managing body of the society, (2) The Department or (3) The financing Bank. To forecast his requirements by a member, who is generally ignorant or unused to the system, for a whole year before some 3 to 4 months is too much that can be expected of him. It is quite necessary to reduce this time to something like a month or so, and these three agencies should see their way to reduce it as far as possible.

In order that the present system of Normal Credit should be more popular and effective, I should like to add the following few suggestions before closing the note :

- (1). A society to which Maximum Credit is granted must have a trained Secretary who has passed in examination held by the Institute. A minimum of his salary should be fixed at Rs. 0-8-0 per month on every thousand of the working capital (as on 31st March).
- (2). Inspectors of the financing Bank should explain as to how these statements should be prepared, and they should also show how to prepare them by actually preparing some part by themselves. Some instructive leaflets will be of great use in this connection to the secretaries and the managing bodies of the societies.
- (3). Loans advanced for merely unproductive purposes like "कर्म, दरवाजे." &c. should be recoverable in not less than three instalments. Also when there is a year of famine, the arrears, authorised or unauthorised, should not be recovered within less than two instalments, as the burden of Government arrears, "Takavi Loans", Land-Lord's "rent", and "Savakar's" dues &c. is found unbearable even with a normally favourable crop.
- (4). In the days of successive years of famine, the limit of Normal Credit should be allowed to rise gradually and cautiously; but the total of these limits should not go beyond one half of the total of valuation of the assets of the society.
- (5). Following two conditions must be inserted in the loan bonds (to be executed by members) to societies which get Maximum Credit: (a) I shall not borrow from any other Agency, in default of this I shall repay to the society the whole amount borrowed irrespective of the due dates; (b) I shall repay to the society the whole amount drawn by me, if it is shown to be mis-applied by the Inspecting Officer and confirmed by the Manager of the financing Bank.
- (6). Fore-cast of requirements by a member must be either in the form attached herewith, or any other form prescribed; without obtaining such forms no advances should be allowed to members.

From all this, it will be seen that a Flexible Limit of Normal Credit, if insisted upon and if properly assessed, will be of great use, and the arrears will dwindle down of themselves.

**4. Mr. C. B. Hull:**—The basis of fixing limits of loans for individuals in agricultural credit societies should be decided by the crops grown in the area of the society. For instance, a member in the bagayat area will require more money than in the dry tract; but the limit of loans to individuals should be revised from time to time upto the average maximum limit. At the time of applying for raising the limit, consideration should be given to the working capital of the society and the average capital per head and the average owned capital per member. Some societies apply for raising the loan limit indiscriminately, for instance: a society with a working capital of Rs. 5000— with fifty members apply to raise the limit of a member to Rs 500—; if this be allowed the working capital will be utilised for 10 to 15 members only. So, unless the society raises its working capital proportionately, it will not be advisable to allow the society to raise the limit. Secondly, while raising the limit, due consideration should also be given to the management and previous history of the society. The borrowing limit for the society from outside should not ordinarily be allowed to exceed more than four times the members' deposits and the Reserve Fund. This will put a stop to its indiscriminate borrowing from outside. Since financing agencies are responsible for the recovery of their money, I think the societies may apply for the raising of the individual loan limit and also of the borrowing limit through its financing agency.

**5. Mr. R. N. Trivedi:**—At present the limit of loans to be advanced to individual member of a society is fixed in the bye-laws. This limit is, obviously, arbitrarily fixed and is the same for all members of the society, whatever their economic conditions. The result is the exclusion, from societies, of well-to-do farmers, who, owning as they do, many acres of land, require annually large capital for their agricultural operations. Another result of the system is the reprehensible practice of taking loans under different names by one and

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the same individual. The system also encourages or rather necessitates recourse to money-lenders, whose wily practices it is the aim of Co-operative societies to end. The system is thus found to be untenable, and should be gradually abandoned.

Under the new system every society should be required to fix every year the limits, upto which it can advance loans to every one of its members. These limits will be different for different members ; and will be fixed on some positive standards. *The past record of the member*, which will show whether he has been a punctual repayer of his debts, and whether he has laid by some savings, will first be taken into consideration. Next to this, his *character* and his *needs*. If he is frugal, honest and not addicted to vicious habits, he will be entitled to such loans, as he may require. The third thing to be considered will be the *property* or the assets, and the *earning capacity* of the member, "the earning capacity being estimated primarily with reference to the rental or revenue, if any paid by him". If the limits of loans to members are fixed on these standards, the popularity of societies will be considerably enhanced and the ideal of prompt and adequate finance will become an accomplished fact.

Every society that fixes the normal credits of its members, also determines though unconsciously, its own credit-worthiness, or borrowing capacity. If the society is affiliated to a Union, the latter should also assess its borrowing powers at a certain sum. The Union shall take into consideration the following facts. It shall see whether most members of the society, especially the members of the Managing Committee understand co-operative principles, whether the society has, for some years, been efficiently managed, and whether the loans have been advanced on proper security and promptly recovered on due dates. It shall also take into account the owned capital of the society, and the amount and kind of member-deposits. The Union will, in brief, base its decisions on an examination of the past record of the society, the character of its members, and the value of their property taken collectively. As in a Union, however, societies "are too dependent on each other's goodwill, and may be tempted to be too indulgent to the defects of others in order to secure a like complaisance towards themselves", the financing agency, either the District or The Provincial Bank, should also assess the borrowing powers of the society. The bank will apply the same criteria the Union applies, but a little more strictly. It will judge the true conditions of the society from the reports its own Inspector has submitted and from the impartial audit-memoes of the Government auditor. If the credit-worthiness of a society is thus assessed or determined by three distinct agencies, from different points of view, and the smallest assessment finally adhered to, the public money in the Co-operative movement will be as secure as it can ever be.

6. **Mr. M. C. Kelkar.**—At present the limit of loans to individual members is fixed by the Registrar in the Bye-law No. 33 of the Rural Credit society on the basis of the needs of an average cultivator. As matters actually exist, there are members in a society whose requirements necessitate their taking loans much in excess of the fixed limit, and so they have to go to a money-lender for the surplus loans. The money-lender then puts him under more rigid conditions about the rate of interest &c. In this district there are individual cultivators, who are members of a society and have got very big holdings requiring the keeping of more than 4 pairs of bullocks. If such a man is a sole adult member of his family or has got brothers or nephews as a joint family, then he cannot get loans in excess of the limit fixed for an individual member and so is handicapped and has to go to a money-lender. But if such a cultivator were to have his family divided, all separated members can become members of the society and secure separate credit and loans up to the limit fixed under the bye-law. This will show that the present bye-law and the departmental orders have created an unnecessary disability on the landholders, who have got big holdings and are of a joint family. In the interest of a Rural Co-operative Credit Society itself and of the co-operative movement in general, it is necessary to have such big land-holders on the societies. Hence it is necessary to change the present system of fixing limits of loans for a society.

To remove this inconvenience I would suggest the following ways:

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- (b) Kinds of crops, to be grown—whether irrigated or dry.
- (c) Other property e.g., buildings, cattle, implements etc.

(2) **Annual requirements.**—

- (a) Seeds.
- (b) Cloth.
- (c) Implements.
- (d) Manure.
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(3) **Past record**—whether the member repaid loans advanced to him in the last five years punctually.

(4) **Character and the general behaviour** of the member with the society and the village.

(5) **To consider his liabilities** to the society and outside.

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**(b) Dharwar District Conference at Aminbhavi resolves that the past experience regarding the movement having shown the mismanagement in societies to be due chiefly to the negligence of the Managing Committee in not adhering strictly to the bye-laws, and to the election of improper persons on the Managing Committee, it is desirable that there should be some definite bye-laws in this respect.**

1. Mr. C. B. Hull:—I agree that mis-management in societies is chiefly due to the negligence on the part of the Managing Committee members and indifference and ignorance of the ordinary members in electing proper persons on the Managing Committee. So, it is necessary in the interest of the movement to have some restrictions in selecting Committee members. I therefore propose that the following by-law may be now added to the model by-laws, to disqualify a Managing Committee member to continue or elect as a Managing Committee member for any of the following reasons:

- (1) If he is a persistent defaulter,
- (2) If he has failed to attend five Managing Committee meetings successively,
- (3) If he has stood surety for any member,
- (4) If it is proved that a Managing Committee member has taken *binami* loans in the name of others,
- (5) If a Managing Committee member exercises his undue influence on ordinary members to hush up any illegal action, and
- (6) If it is found that a member in the Managing Committee uses the society's cash balance for his private use.

2. Mr. R. N. Rajadnya.—Where there is a supervising Committee which is working regularly, it is not necessary to take any step; but the attention of this body may be drawn to mismanagement or negligence.

In other cases it has been found from experience in villages that no new bye-law will be of much use in the co-operative credit society itself, as there are ample powers vested in the general body of the society. If such societies are affiliated to unions or Taluka Development Associations, or if they take loans from the Central Co-operative Banks, these institutions should have a power to suspend any member or the secretary of such societies, upto six months, if the society does not call its General Meeting when necessary for removing such defects as are pointed out by the existing affairs. The society, however, should have power to appeal to the Registrar against the orders of suspension from this institution.

In the case of other isolated societies, the Registrar has got the power of reducing the capital of new members, which, if exercised *in time*, will have great effect. It is unnecessary to give any more power to the Registrar. The following bye-law 28 (a.) & (b.) will be of great use as I have proposed in the accompanying resolution.

The unions or the Taluka Associations should also have powers to make inquiry in the affairs of such a society, and should have power to recover the amount of such inspection upto Rs. 10 from such panchas, if they have purposely mismanaged the society.



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It has been also found that the Panchas of badly managed societies are themselves defaulters. The Unions or the Central Banks to which such societies with such Panchas are affiliated should have power to refer their cases to arbitration, as it is found that they are unwilling to refer their own cases to arbitration. But unless our present Co-operative Rules are amended, it is not possible to take any action. The conference of societies affiliated to the Islampur branch of the Bombay Provincial Co-operative Bank held on 1-7-1923 has passed a resolution agreeing completely with the above principle as also about the power of suspension referred to above.

3. Mr. F. T. Nalavdi.—On the subject of the Resource Movement under the head (1) Rural (b) I wish to place the following bye-law for the deliberation of the Conference :—

“A member should not be eligible to be re-elected on the Managing Committee, if he is found to be acting contrary to the principles embodied in the bye-laws, is much indebted, or is absent without proper reasons for two-thirds or more of the Committee Meetings held in a year, or if arbitration proceedings are taken against him.” This bye-law was moved by me as the representative of the Karnatak Branch Institute at the District Conference for Belgaum held at Kittur on 8th May last. The Co-operators both officials and Non-Officials passed it unanimously by supporting my views over the matter. The proposed bye-law is explanatory by itself; and so, without adding much in the way of explanation, I recommend it to be added to the model bye-laws framed for the guidance of societies.

(i) Urban.

- (a) Whether a person should be allowed to become a member of more than one co-operative credit society, doing financing and banking business in the same identical area; or in other words, whether the membership of several urban co-operative societies should not be mutually exclusive.

1. Mr. R. N. Rajadnya.—The Provincial Co-operative Conference has already passed a resolution that one person should not be a member of more than one unlimited liability society, but there is no harm if a person be a member of more than one Urban Co-operative Credit Society of limited liability. The capital of such a society increases by means of shares of such persons, and there should be no objection for increasing the share capital.

There are also some persons who become members in several such societies with an idea of helping them with their advice and guidance. They think that their advice will have more value, if they are members and have a vote in the management. It would be, therefore, quite undesirable to exclude such persons from Urban Societies.

What is likely to happen is that a member may borrow from more than one society and that is really objectionable. To avoid this, Urban societies should have a bye-law that no member should be given any loan, when he has either borrowed any amount from, or has stood surety for the debts of other in any other similar society.

2. Mr. D. L. Umarwadia:—The discussion as to whether or not a person should be allowed to become member of more than one co-operative credit society, doing financial and banking business in the same identical area brings round two considerations; (1) In the case of societies with unlimited liability it is obvious and decided by a past conference that no person can be a member of more than one society with unlimited liability; (2) In the case of societies with limited liability there is no such objection. The Managing Committees of both or more societies, when one is a member of more than one society will of course take adequate security for the loans granted to him. The Managing Committees in Urban areas are very shrewd and expected to be businesslike i.e., very careful. Although in a big Urban society it is not possible to know people so well as in rural societies, in all doubtful cases the security asked for by the Committee will be more tangible and perhaps mortgage security. The only thing necessary is to emphasize in Urban Societies the need of more tangible security for the sake of safety in such cases; though of course it is not intended that in cases of a member being a member of one society and well known to the Committee any other security than personal should be insisted upon. It would be desirable only either to insist on mortgage security in the case of a member being a member of many urban societies or for the society to be careful in admitting such member to membership. It is not desirable that membership should be mutually exclusive because such is a needless restriction.

It has been also found that the Panchas of badly managed societies are themselves defaulters. The Unions or the Central Banks to which such societies with such Panchas are affiliated should have power to refer their cases to arbitration, as it is found that they are unwilling to refer their own cases to arbitration. But unless our present Co-operative Rules are amended, it is not possible to take any action. The conference of societies affiliated to the Islampur branch of the Bombay Provincial Co-operative Bank held on 1-7-1923 has passed a resolution agreeing completely with the above principle as also about the power of suspension referred to above.

3. Mr. F. T. Nalavdi.—On the subject of the Resource Movement under the head (r) Rural (b) I wish to place the following bye-law for the deliberation of the Conference:—

“A member should not be eligible to be re-elected on the Managing Committee, if he is found to be acting contrary to the principles embodied in the bye-laws, is much indebted, or is absent without proper reasons for two-thirds or more of the Committee Meetings held in a year, or if arbitration proceedings are taken against him.” This bye-law was moved by me as the representative of the Karnatak Branch Institute at the District Conference for Belgaum held at Kittur on 8th May last. The Co-operators both officials and Non-Officials passed it unanimously by supporting my views over the matter. The proposed bye-law is explanatory by itself; and so, without adding much in the way of explanation, I recommend it to be added to the model bye-laws framed for the guidance of societies.

(i) Urban.

(a) Whether a person should be allowed to become a member of more than one co-operative credit society, doing financing and banking business in the same identical area; or in other words, whether the membership of several urban co-operative societies should not be mutually exclusive.

1. Mr. R. N. Rajadnya.—The Provincial Co-operative Conference has already passed a resolution that one person should not be a member of more than one unlimited liability society, but there is no harm if a person be a member of more than one Urban Co-operative Credit Society of limited liability. The capital of such a society increases by means of shares of such persons, and there should be no objection for increasing the share capital.

There are also some persons who become members in several such societies with an idea of helping them with their advice and guidance. They think that their advice will have more value, if they are members and have a vote in the management. It would be, therefore, quite undesirable to exclude such persons from Urban Societies.

What is likely to happen is that a member may borrow from more than one society and that is really objectionable. To avoid this, Urban societies should have a bye-law that no member should be given any loan, when he has either borrowed any amount from, or has stood surety for the debts of other in any other similar society.

2. Mr. D. L. Umarwadia:—The discussion as to whether or not a person should be allowed to become member of more than one co-operative credit society, doing financial and banking business in the same identical area brings round two considerations; (1) In the case of societies with unlimited liability it is obvious and decided by a past conference that no person can be a member of more than one society with unlimited liability; (2) In the case of societies with limited liability there is no such objection. The Managing Committees of both or more societies, when one is a member of more than one society will of course take adequate security for the loans granted to him. The Managing Committees in Urban areas are very shrewd and expected to be businesslike i.e., very careful. Although in a big Urban society it is not possible to know people so well as in rural societies, in all doubtful cases the security asked for by the Committee will be more tangible and perhaps mortgage security. The only thing necessary is to emphasize in Urban Societies the need of more tangible security for the sake of safety in such cases; though of course it is not intended that in cases of a member being a member of one society and well known to the Committee any other security than personal should be insisted upon. It would be desirable only either to insist on mortgage security in the case of a member being a member of many urban societies or for the society to be careful in admitting such member to membership. It is not desirable that membership should be mutually exclusive because such is a needless restriction.



3. Mr. S. N. Keshwain.—It is not desirable that a person should be allowed to become a member of more than one co-operative Credit Society; and it is to the interest of the institutions and the members themselves that membership of several Urban Co-operative Societies should be mutually exclusive. If it is allowed, so many difficulties come in the way of smooth working of the different institutions. In the first place, it will be difficult to know the credit-worthiness of the member in granting loans to him, inasmuch as he will borrow from more than one institution at one and the same time without the knowledge of another. One institution will assess his credit without knowing that he has already borrowed from another institution. Secondly, as the person will borrow in the way more money than what will be generally advanced to him by one institution, much difficulty will be experienced in recovering the loans.

4. Mr. A. A. Sardar.—To allow the member of one Urban Bank to join the other Urban Bank operating in the same area and at the same time continuing his membership in the former will be permitting such a member to expose himself to the danger of overlapping and overfinance, making the work of inquiry in the past debts of such a member a real difficulty. Such a member finds it quite easy to borrow money beyond his means, safely evading the knowledge of the committees responsible for making such grants. In spite of the limited liability of these institutions, the consciousness of the fact that by the procedure as mentioned above there is ample scope for mischief to be detected only after the member so helping himself has done away with all the money so borrowed, makes it necessary to deprecate this evil by imposing restriction upon membership.

To meet this difficulty the Urban Banks decided in a District conference on the 26th of May 1921, *That a bye-law should be framed excluding from membership any one who is already a member of another Urban credit society and giving the existing members who belong to more than one society of this class a choice between leaving one or the other.* Accordingly the Societies agreed to print a yearly list of its members to circulate the list to all other Urban Banks in the Southern Division.

**(b) In view of the large business the Urban Credit societies are doing, is it not advisable to insist on having monetary qualifications for directorship e. g. holding of at least a decent number of shares?**

1. Mr. S. N. Keshwain.—In the opinion of the undersigned it is advisable that a qualification to hold a minimum number of shares should be fixed for members to become eligible as Directors of Urban Banks, so that persons having some status at least should come on the Board of Management, and that they should take interest in the management. But it is not desirable that a high monetary qualification should be insisted upon as in the case of Joint Stock Banks, inasmuch as the institution will pass in the hands of Capitalists and the Co-operative Elements will disappear. A small qualification say, holding shares worth Rs. 50 or so will, in the opinion of the undersigned, suffice.

2. Mr. A. A. Sardar—"ONE MAN ONE VOTE" is the democratic principle governing the co-operative organisation and is the differentiating factor between Co-operative financing and the Joint Stock banking, giving the former a recognized superiority over the other when applied to the community to be brought under its influence.

Hence integrity, intelligence and ability should be the indispensable qualifications in the choice of officers and managers; and *not* the wealth contributed or the bulk of shares held.

3. Mr. D. L. Umarwadia :—The qualifications for directorship cannot be based on the number of shares or even a decent number of shares. It is making the Societies capitalistic and divorced of moral considerations. The Directorate is to be appointed on quite other considerations than money.

## 2. CENTRAL AGENCIES.

### (i) Urgent need for all Primary Societies affiliating themselves to Unions.

Mr. R. N. Trivedi:—The Hon. L. Luzzatti holds that a co-operative society should be independent but not isolated. In fact co-operation is the very antithesis of isolation. As in a co-operative society members are united to improve their

economic condition by their united efforts, so co-operative societies within the movement should also group themselves together to improve their working by their organized efforts. Self-reliance and self-control are the watchwords of Co-operation and their importance cannot be exaggerated. The working of a co-operative society may indeed be improved by the laudably strenuous efforts of a Government officer, or some other non-member sympathiser, but then that will not contribute to the growth of the co-operative spirit. A co-operative society should always be an embodiment of the co-operative spirit. The co-operative movement, likewise, should exhibit in all its aspects, the presence of that essential spirit. This spirit can be fostered only if co-operative societies are linked together, and the influences of one brought to bear upon another. Between our primary societies and the District bank, to which the former are affiliated, there is a wide gap. The objects of District banks are not precisely the same as those of primary societies, and their directorate is not always in close touch with the members of the latter; the result is that the bond of Union, existing between these externally different but intrinsically identical institutions is not perceived by those concerned. If between these two institutions are interposed Unions, formed of societies, the Societies will rapidly develop and will easily understand their relations with the higher storeys of the co-operative edifice. The sense of unity is awakened only when like is linked to like, not till then.

The need of unions may be emphasized from many points of view. The unions can educate by their very existence, the members of primary societies, and help them to widen their mental horizon. They can bring forth more workers into the co-operative field, and organise societies in new tracts. They alone can provide for healthy and efficient supervision, and contribute to the solidarity of the movement. Lastly the unions can be our agricultural syndicates improving our methods of agriculture, and the material prosperity of our ryots.

### 3. GENERAL ASPECTS AND OTHER PROBLEMS.

- (a) **Whether in view of the improved credit now enjoyed by the co-operative movement, the time has not come for an all round reduction in the rates of interest paid on deposits, and with it the rate of interest on borrowings, which at the present moment, in many societies constitute an almost intolerable burden on agriculture and industry**

Mr. V. C. Jadav.—There has been a general complaint from members and from Societies that they have to pay heavy rates of interest on their borrowings, while persons in good credit are able to secure from outside, moneys at a cheaper rate of interest, and hence the societies are no good to them. We at the same time know that persons not commanding a good credit, have to pay an exorbitant rate of interest outside, and we must also admit that this movement is really meant for those, to whom credit is ordinarily denied. Besides like money-lenders, we cannot charge different rates to persons of varying credit. We have to treat all equally. Under the circumstances we have to strike a mean between the highest and lowest rates charged by money-lenders, and the suggestion made in the above resolution, is on that line.

The rate at which we can lend out moneys to our constituents will very much depend upon the rate at which we are able to secure deposits; and if we desire that we must reduce our rates of advances we must be able to collect deposits at a cheaper rate of interest. If societies have to depend for their requirements solely on the District Banks, it means that the working of these societies and Banks does not command sufficient local credit; or that moneys cannot be had in that centre at a cheaper rate. The fault in that case lies with the borrowing societies. Once the societies have been able to inspire in the minds of the people the necessary confidence, moneys will flow into their coffers at rates fixed by them. We are now entering into a period in which the abnormal rise in the money market caused by the great war and its aftermath is likely to give place to a gradual lowering of the rate; and I am confident that societies with good management should be able to command deposits at rates quoted in the above resolution.

Upto now there is not a proper system of advancing short period loans. Even the Provincial Bank quotes a very high rate of interest at a time when Bank rate has gone down

very much; and the District Banks hardly seem to understand or adapt themselves to the temporary ease and stringency in money market, while advancing short term loans. Though it is necessary to have a fixed rate for yearly loans, it is not at all businesslike to stick to the same rate both when money is easy and tight. It is high time that all the societies and Banks should modify their rates of short period deposits and loans according to their own needs and condition in the money market.

### (b) Desirability of Starting Land Mortgage Banks.

1. **Rao Bahadur A. U. Malji**:—These banks are absolutely necessary one for each District; and this will enable improvement of credit in rural area. At present large loans are not possible from the rural societies, and District Central Banks cannot lend to individuals holding any amount of property. In villages people holding large fields or owning large estates are required to pass sale deeds, where mortgage transactions are really intended. We meet with so many contentions of apparent sales and these only encourage frauds. Not unoften such sales are upheld as real transactions; and this is the stage the people have reached. In spite of immoveable property and stable security all these difficulties are experienced.

2. After the rural societies are developed, time has arrived when land mortgage banks should be organised. The safeguard limits should certainly be fixed and dealings confined to mortgage of lands only. Section 20 of the Indian Trust Act may be taken as a fair index to such limits of loans against first mortgages. Second mortgages should not be accepted and the rate of interest should not exceed  $7\frac{1}{2}$  per cent., if the movement has to take a firm root.

3. If these Banks come into existence, the District Banks will find a new field for investment of its funds and with a view to prevent overlapping, it will be necessary to repeal the provisions in the bye-laws of rural societies allowing them to lend upto Rs. 750-0-0 without the sanction of the Registrar. Business of this type should be transferred to the Land mortgage Banks only. This will save the complaints of partiality in granting such loans in rural societies, and in valuing the property to be taken in mortgage. Not infrequently the mortgage documents are not seen registered in some societies; and the chances of loss to them are thus often more real than apparent. Moreover double facilities of loans from two institutions would only embarrass the situation.

2. **Mr. A. A. Sardar** :—The gravity of the problem of rural indebtedness in this country has engaged much attention and has been a subject for tentative discussions.

Illiteracy of the farmer, the unproductive methods of Agriculture, the adverse laws of inheritance, excessive fragmentation of holdings, the growth of population without regard to the capacity of the soil to feed them, the decay of village industries and crafts, and above all the vicious system of village credit still practised by the *bania*, are all the accumulating reasons for poverty and indebtedness.

The discovery of the true remedy has presented serious difficulties in the way of the co-operators, who have however succeeded in the right diagnosis of the malady. There have been controversial opinions as to the present system of the Co-operative credit serving to be the panacea or acting only as palliative. Although there has been a great disagreement on this point, any alternative solution has not been found out with the exception that references have been made to the German Landchaften, the Egyptian Mortgage banks and likewise to the Mysore Mortgage Financing Agency organised in the Malnad tract, with a pious hope that the organisation of any such institutions in this country would wholly envisage the problem of rural credit.

The microscopic agricultural holdings as a consequence of the law of inheritance in this country are sufficient to explain the paramount difficulty facing such a scheme.

The solution then lies in procuring long term loans. This neither could be had from any agency or individuals, with the exception of the State. Co-operative Banks cannot advance loans for periods extending to 5 or 10 years as they cannot rely upon any corresponding deposits. Therefore State aid to grant long term loans for the purposes of debt redemption, land improvement and the introduction of improved methods of Agriculture to make the industry remunerative and thereby assisting the repudiation of the whole burden would be the practicable remedy.

Then either the Central Bank should raise debentures up to the sum permitted under its agreement with the Government, as suggested at the Conference in 1921, or the

allotment of loans of the kind contemplated under the Land Improvement Act and also for debt redemption should every year be made by Government for the Co-operative Societies to be placed at the Central Co-operative Bank at the credit of the Registrar.

In either case State aid is indispensable; and to secure long term loans will mean the only real solution of the indebtedness: the factor operating most injuriously as a damper on attempts at Agricultural improvement. The adverse conditions of the farmer with his peculiar holdings that law bestows upon him, make the organisation of agencies on this kind of Mortgage securities a difficulty which only change of combined conditions could make practicable, which only time could decide. The position of the farmer is calling for rapid relief; hence a step, rapid and sure has to be taken, if some material result is expected. This is an opinion subject to criticism which is most welcome.

**3. Dewan Bahadur S. V. Mensinkal:—**The undersigned with his experience is strongly of opinion that the Land Mortgage Banks be started as early as possible for the following among other reasons.

The failure of crops for years together and the heavy expenses incurred in connection with their family and cattle maintenance have steeped many big Ryots holding lands above 200 acres into heavy indebtedness compelling them to pay abnormal rate of interest to Sawakars.

The present financial position of Rural Co-operative Societies does not at all permit them to take the responsibility of redeeming such Ryots.

Moreover the Ryots requiring such loans are always compelled to be entirely at the mercy of the Sawkars; for such loans are generally said to have been advanced by the Sawkars on a Trust sale deed of Lands; and the failure of repayment of loan with interest in a stipulated time, compels the Ryots to go home leaving the possession of their lands to Sawkars.

To obviate this difficulty immediately the District Central Banks having enough of funds to meet such loans be allowed to advance directly at 9½ p. c. on security of mortgage of lands worth three times the loan amount advanced, till the establishment of such Banks.

**4. Mr. Y. T. Desai:—**We do find some members in Co-operative credit societies who are intelligent, honest and thrifty, and who desire to use improved implements, for agricultural purposes. But they have no source for getting sufficient money for such purposes. The Co-operative movement should give every possible help to such men. Some of these may have even old debts which they might be desirous to pay off as early as possible, and be free from the clutches of the Sahukars. 'Land Mortgage Banks' will really be a help to them a good deal. At times a big amount of loan may be required for

- (a) land improvement purposes,
- (b) Installation of oil-engines,
- (c) the purpose of growing irrigated crops,
- and (d) for the purpose of fencing fields with wire fences in order to protect the crops from the ravages of wild animals like pigs and jackals.

At times a big land-lord, wishing to till his lands by means of improved methods of farming, by the use of 'time and labour saving' implements, is not in a position to procure sufficient amount of money, or if he gets it at all, he gets it from the Sahukar to whom he has to mortgage his lands. Also in years of famine we see that thousands of acres of land pass from the cultivators to the Sahukars either in the form of mortgage or sales. Thus it will be seen, that 'Land Mortgage Banks' are really a necessity in India and especially in the Bombay Presidency, and will really prove a boon to the cultivators. 'Land Mortgage Banks' will also be useful for purchase of new lands, or for re-acquiring lands that might have been mortgaged and for any foreseen purposes.

However I believe that the time has not yet come to start a separate 'Land Mortgage Bank' in this presidency. The existing Co-operative Banks (preferably the Bombay Provincial Co-operative Bank) may be requested to fit themselves up for this purpose. The Government should be requested to deposit a decent amount of money, at a low rate of interest 2%, at the disposal of these banks for this very purpose. The necessity for this purpose is very great. But it is a problem to be economically solved whether the position of the 'Land Mortgage Banks' will be sound, whether they will be

able to finance themselves without any trouble, anxiety and risk, whether they will be popular, and whether they will be able to attract public money.

These banks require a good deal of expert technical knowledge, and I therefore wish that only one such bank in this presidency should first be started, which may be developed by opening its branches in divisions and Districts, as need may arise. But even before starting such a bank, I would like to bring to the notice of this conference the fact that this question was discussed at the last Gujarat Divisional Co-operative Conference held at Ahmedabad in April 1923 in which a resolution was passed appointing a committee of five persons to consider this problem, and make a report of the same in three months. Now since this Provincial Co-operative Conference has also taken up this question, I would propose that better a committee of experts be appointed to consider and investigate this problem thoroughly and make a final report in the matter, after duly taking into consideration the report of the committee appointed for this purpose by the last Gujarat Divisional Co-operative Conference held at Ahmedabad in last April.

These 'Land Mortgage Banks' are sure to be a success if carefully organised, and will really prove a blessing to the cultivators and land-lords. The 'Jhang Co-operative Mortgage Bank' in the Punjab, a review of which is given in the Bombay Co-operative Quarterly Vol. VII. serial no. 1. for June 1923. P. 26-29, may be read with interest.

**(c) Whether Taluka Treasury balances should be made available for the discounting of cheques and drafts drawn on the Provincial Bank by the Co-operative Societies.**

**Mr. R. N. Mehta:**—Rural Credit Societies require loans generally for buying seed, manure, bullocks, payment of land revenue, payment of labour charges etc. At present Societies apply for these loans in lump, get amounts through Taluka Treasuries and distribute these to members. The members actually use these amounts some days after, if not after some months. Agriculturists financed by local sowkars can demand money only on the day on which it is required; while the members of Societies are unable to do this, as it takes a long time to receive money. The bargain of purchasing bullocks, seed and country manure is generally struck at cash price; the members have either to demand money from the Bank earlier or have to borrow temporarily from local sowcars. Hence members of Societies are in either case put to a loss of interest and besides the utilization of loans cannot be properly scrutinized by the Societies as the full amount of the loan is not spent in a day. When money is demanded earlier the members are inclined to spend more.

This difficulty can be obliterated, if Taluka Treasuries would agree to discount cheques of Societies on the Provincial Bank. The Treasuries may, if necessary, compel the societies to show authority from the Provincial Bank to draw cheques on it; and they may also lay down some rules to collect the amount within a week, if the cheque is dishonoured by the Provincial Bank. Rural Societies require funds in seasons when treasuries have got sufficiently large balances. Government treasuries will, therefore, save the charge of remittances from Taluka to Districts. If the Societies require funds in slack season, the rates of commission payable on supply bills may be charged.

I, therefore, beg to propose that in the opinion of this Conference, cheques drawn by Co-operative Societies, by District Banks or by branches of Provincial or District Banks on the Provincial Bank be cashed by District and Taluka Treasuries at places where there is not a Branch of the Imperial Bank of India.

## **II. AGRICULTURAL NON-CREDIT CO-OPERATION.**

**(b) The need for early legislation to control cotton market through co-operative sale societies, where these exist.**

**Mr. S. G. Almoula:**—The regrettable feature of the Cotton Market is the want of direct contact between the grower of cotton and the spinners and weavers thereof. The agriculturist in India is ignorant of the process, through which his cotton is to pass before ultimately reaching the Consumer in the shape of cloth. The agriculturist is a downtrodden man often involved in debts, partly brought about by the customs of the caste, partly by his ignorance, and partly by the crushing demands of the sowkar to whom he often resorts for a loan. The question of remedying his caste customs can be left to the social reformers. But the other defects require the attention of every Co-operator.

The ignorance of the Agriculturist particularly with regard to his own occupation specially in the method of growing his crops is such as can be handled by the Co-operative Movement. The Indian Cotton Committee in its report notices that the seeds sown by the agriculturist are not pure and the seeds of mixed variety sown by the cultivators often give cotton of inferior quality. The first necessity, therefore, is to start as many Co-operative seed societies as possible, so that the agriculturist can get unmixed seeds at a reasonably moderate price. To start the Co-operative seed societies in the districts where they are not, to increase their number and importance where they are already in existence, to make them attractive to the agriculturists by explaining them the material advantages resulting from the use of such seeds, is the first task to be taken up by the movement. To encourage the starting of such societies and to bring the agriculturist within its fold with a view to keep away from the inducement of using adulterated seeds, Government should be approached with a request to pass legislation granting facilities to the Co-operative Department and the Agricultural Department.

While dealing with this part of the Co-operative movement, so far as it relates to the Cotton seed societies, the Indian Cotton Committee remark: "We entirely approve of the beginnings which have been made both with Co-operative seed societies and sale societies in Khandesh and the Karnatak; but, unless progress proves to be much more rapid than there is at present reason to consider probable, it is obvious that it must be many years before these do more than touch the fringe of the problem, more especially as the Co-operative Movement has made small progress in the very important Cotton tracts of Gujarat."

The question, therefore, before us is how to secure the rapid progress of these societies. The answer is that in the important Cotton tracts of Gujarat, first of all Co-operative seed societies should be started. The seeds to the society should be supplied by the Agricultural Department. The Agriculturists should be so trained up by persuasion and legislation as would induce them to buy the seeds from the seed stores and monetary facilities should be granted to them so that they can be free from the Sowkar.

Passing from the seed onwards, we naturally come to the second question viz: How can the Agriculturist realise the best price for his Cotton? The first essential for a solution of this problem is that the agriculturist should in no way be dependent on the sowkar, who is also the "Cotton Dalal" for monetary help. In the Bombay Presidency the dates on which the instalments of land revenue fall due are the 5th February and 5th April. The Cotton is not ready by this time in any of the district of the Bombay Presidency excepting Khandesh. Consequently the agriculturist has to find out money for the payment of the land revenue instalment from the Sowkar by pledging his future crop with him. Thus does he fall into the hands of the sowkar, who realising the necessity of the cultivator tries to get hold of his cotton crop at the cheapest price possible. To free the cultivator from the Sowkar or more properly speaking "the Dalal", Government should be requested to alter the dates of payment of instalments, so as to enable the Cotton cultivator to pay Government assessment, after his crop is ready to be brought to the market.

Thus freed, the agriculturists will be better prepared to start their own Co-operative Cotton sale societies. While dealing with this part of the movement, the Indian Cotton Committee remark that "the Sale societies in Bombay are not truly Co-operative, the management being largely in the hands of "Dalals" and the societies in order to increase their turnover, selling the cotton of Non-members as well as members." To remove this defect, to see that the cotton continues unadulterated while undergoing pressing and baling, and to bring the cultivator face to face with the spinner in effecting the sale of his produce, the effective step will be to establish markets in the important Commercial centres of Cotton trade. These markets should be governed by rules framed on the lines of the Berar Cotton and Grain Markets Law, modified to suit the local conditions. The advantage will be the elimination of the middlemen or "Dalals". The "Millowners' Association" and the East Indian Cotton Association should be approached to join hands with the Department in its efforts to eliminate the middlemen, to improve the quality and the staple of Cotton and to bring about the standardisation of weights.

**(c) To move Government to undertake legislation to enable the majority of a land improvement society to coerce the minority, and to prohibit the land-lords from raising rents beyond a certain maximum on lands that have been improved by such a society.**

**Mr. Y. T. Desai.**—Land Improvement Societies are quite of a recent origin. No member individually will like to follow a majority always. As soon as he comes to know that his interests may come in clash one day or the other, he will not like to continue as a member; and that no man will ever be willing to join such a society. In a Co-operative Society membership is confined to those who wish and are fit to co-operate. There cannot be any sort of compulsion to enforce individuals to join a co-operative society. The idea of enabling the majority of a land improvement society to coerce the minority will be too harsh to the members at the present time, and therefore it is quite likely that this type of Society may fail to be popular.

The landlords will always have a tendency to charge their tenants the maximum rents of lands that will be improved by such a society, and consequently will harass the tenants always. Suppose that the society and the members are well established; even then the land-lords may try to deprive the tenants of their lands, and consequently the tenants may have to face a very critical situation for acquiring new lands for cultivation either by lease or purchase. They will have thousands of unforeseen hardships to undergo. The land-lords will then enjoy the lands improved by the dint of labour of the cultivators from whose possession these lands will be deprived. The leaflet published for the Co-operative Land Improvement Society and the by-laws stated therein, I may modestly say, lack in many points and require very minute consideration. In the editorial notes of the Bombay Co-operative Quarterly Vol. VII. Serial No. 1 for June 1923 p. 90-92, we do find some valuable criticisms. Thus to my mind, the problem requires thorough consideration before the Government is moved to undertake legislation of any kind; and for thorough consideration a committee of experts should be appointed to investigate the problem fully and satisfactorily.

#### **IV. CONSUMERS' SOCIETIES.**

**Appointment of a small Committee to report on the failure of store societies, and what measures should be adopted to successfully develop them.**

**I. Mr. S. G. Almoula.**—Before launching on any scheme to start a Consumers' Stores for any class or community it is desirable that the promoters and the organisers thereof should carefully investigate the locality, the financial capacity and above all the faith of the members in the movement and their capacity to manage the little co-operative shop, which they intend to establish. Where these ingredients have been favourable, the stores have met with slow but steady progress eventually leading the members to the path of profit and the movement to the road to success.

**The Locality:**—The Stores should be started in places and towns where, being far away from the central market of the District Towns, the people of the place have to pay exorbitant rates to the local tradesmen. The suburbs of Bombay, where the residents are at the mercy of the local "Baniya" afford ample scope for the development of the movement. The same remarks apply to the Taluka towns and the villages surrounding them in the mofussil.

**The Financial Capacity of the Members:**—The shares issued should be of such nominal value as to make it permissible for any humble individual to subscribe to them and pay the calls in time. Every business has its ups and downs. The store being a business concern can never be expected to form an exception to the general rule. If a store proves a losing concern in the first year of its career, the members, instead of patiently trying to eliminate the adverse elements, get nervous, and try to evade payment of call money on shares. Mere forfeiture of shares (which rule is not even rigidly enforced) has proved to be insufficient remedy. Some means should be devised, therefore, to induce regular payment of calls.



**The Faith in the Movement:**—The members should have firm faith in the honesty of their work. Inducements in the shape of low prices to create competition are often offered by the local merchants, who having gained much profit in the past, are prepared to lose a part of it by underselling the stores, the liquidation whereof, if accomplished, is sure to bring them back their lost profit with compound interest. The members should therefore be thoroughly saturated, so to say, with the spirit of loyalty towards their institution. To achieve this end, Co-operative Societies on the basis of debating societies should be formed at the place, and those in charge of the propaganda work, more especially the Honorary Organisers and the Secretaries of the Institute and its branches should distribute pamphlets in the vernaculars of the district and deliver lectures as frequently as possible.

**Management:**—The ultimate fate of the Co-operative Shop, like any other business concern, depends on the managers in charge of the stores. The officers of the stores should be capable, honest men, having a knowledge of the art of purchase and sale with a strict observance of the rules of general economy.

**Purchase:**—Purchases when made from big merchants at wholesale prices will be found profitable both in point of price and weight. Prior to purchases the managing Board may always be advised to study the necessities and conveniences of life as are prevalent among the members of the community for whose benefit stores are intended to be run.

At present the salesmen and the secretaries of our stores are with a few exceptions woefully ignorant of the right markets where they can buy their requirements. This brings us to the question of training the secretaries and the salesmen in the mode of marketing. For this purpose, a course in Geography of the District or more desirably of the Presidency, with particular reference to the class of articles obtainable at various places from Agriculturists direct, is necessary. The nature of transport facilities and the rates of freight by land and water available should also be made clear to the secretaries and the salesmen. Those of them who have to deal with Bombay merchants, either because of their proximity to the Presidency Town or the nature of their requirements should be invited in a batch of five or seven and shown all the markets of Bombay. A series of lectures on the subjects mentioned above may be arranged for their benefit by the Institute.

The manufactured products of the Co-operative Producers' Societies may also be sold by the stores as commission agents; or if they so desire they can be bought by the stores and sold on their account. It will be thus advantageous both to the Producers' Societies as well as to the Stores in so far as the one will get the market to sell, while the other can buy its requirements.

At the last Conference a proposal was brought forward to engage a man to give the market information to the several Stores and help them in their purchases. The proposal was however shelved in view of the Institute undertaking to engage a Secretary with commercial knowledge. A paid Secretary has now been engaged. The Central Institute may now be requested to give weekly reports of the ruling rates and forecasts of the several markets of Bombay especially those with which the stores are most concerned.

**Sales:**—It is not always the case that an article is sold at a profit. Several articles have to be disposed of at cost price or even loss and the loss accruing from such sales has to be made up. To make up such losses by securing an extra gain in other articles, to run in the general competition at a favourable opportunity, to attract the customers, and to keep them well pleased to secure a continuity of their custom, to arrange the stock, to preserve it in order, and generally to enhance the reputation and consequently the stability of the shop are the chief functions of the salesman. To instil these ideas the Institute should deem its duty to invite articles from experienced tradesmen and publish them in form of pamphlets at reasonable prices.

The question of sales brings us to the intricate problem of enforcing cash sales and avoiding credit sales. The people in India are generally accustomed to being granted credit till the end of the month, when they settle their monthly accounts with their supplier of provisions and other necessities of life. In a country like England the butchers' and the Provision merchants' bills are settled weekly, because the wages there are paid at the end of seven days. Big stores like "Harrods" are not at all reluctant to grant credit to their customers who have current account with them or who give them good, reliable Bank references. The solution of our problem can be effected with a little relaxation of

the rule of cash sales by allowing the stores to grant credit to those members who have their deposits at the stores or from whom dues can be recovered at the source of their income as in the case of Government servants. By adopting this golden mean the stores will not only assure the loyalty of the members, but at the same time attract and invite capital from them at reasonably moderate rate of interest, and thus remove the difficulty for obtaining finances.

**Honesty of Salesmen:**—Doubts have been expressed in some quarters that the salesmen, when once they have been trained up, will not remain in service of the society, but will leave it to find out better prospects. If the Secretary is properly paid and promoted, there seems to be no room for entertaining this pessimistic view. However to guard against the common fallibility of human nature, a security bond for honest behaviour and steady service for three years may be taken from them before making their appointment.

Should the stores be started in villages after careful investigation and on the suggested lines, the success of these stores will pave the way for the establishment of a wholesale society in Bombay to serve as the mother institution for its various suburban stores, and similarly in each District town stores may be started, to be utilised as the fountain source for those in the Talukas and the villages thereof.

To devise means to carry out the foregone suggestions, the appointment of a Committee is necessary. The personnel of the Committee should be composed of the following members:—

- (1) One member from the Institute.
- (2) Two members from the Co-operative Department.
- (3) One of the District Honorary Organisers.
- (4) One of the Agricultural Organisers.
- (5) One member from the Central Co-operative Bank.

**2. Mr. D. L. Umarwadia:**—The fact cannot be gainsaid that the stores movement even in town and city areas where it is possible to find men with business acumen and public spirit, has met with very inadequate success—almost complete failure. It would appear that this is also the experience in other provinces as well. Some of the causes are of a general nature—(1) defective or insufficiently enlightened ideal, (2) want of sufficient enthusiasm, (3) hostility of the already established and shrewd and distinct class of traders who have enjoyed the exclusive privilege of trading and commerce almost through centuries—the Bania or trader unlike other countries has been considered as fit for this place in the national economy almost by a heaven-sent decree. Of course this latter condition is rapidly being modified in the crucible of western enlightenment; but it is still there persistently settled and incapable of eradication by ordinary efforts of well-meaning co-operators or other social workers. It also appears that the number of men with staunch belief in the co-operative system of distribution is very meagre; and the ideal owing to numerous causes is difficult of being steadfastly kept in view; and the stimuli necessary to achievement are either maimed or imperfectly preserved with the result that what is realised is very little. Besides these general causes there are others of a local nature; difficulty of transport, want of well established and reliable central institutions, debased morality of the persons actually working as traders and available in different areas, with whom business dealing becomes most unprofitable and precarious; and of a like nature. Whatever the causes, it will be necessary to try to remedy them even if slowly; and the report of a committee examining into these causes will, it is very likely, be of some use in directing effort on right lines.

**3. Mr. A. A. Sardar:**—The difficulties responsible for the failure of the Store Societies in this Presidency, at least at present, are reduced to those mentioned below:—

1. Want of capital to work with and thus afford to satisfy the varied demands of the consumers.
2. Want of education as to the real principles, objects and the advantages of the Consumers' Societies.
3. Want of loyalty amongst the members whose communal sentiment is weakened in the individualistic tendencies of a big city, the same not being effectively attracted in smaller areas, the people there not being inoculated with the serum of Consumers' Co-operation.

4. The absence of economic and honest management essential to the success of distributive societies.
5. The controversy regarding the sale at market rates or lower rates than the market.
6. A blind conception that a store society cannot work without sales on *credit*.

To begin with a store it will have to be considered whether the store intends to restrict its operation to a few classes of articles or a few articles only. If it means to do the former, certainly the Share Capital and the entrance fees collected at the outset will not suffice. Capital in the shape of deposits from members and non-members at the start, will be expecting something beyond hope, as the lack of confidence assisting such investments stands in the way of any happy prospect.

Then some official or non-official agency has got to extend a helping hand; although this outside assistance only to make a good beginning, will not be in conformity with the principle of Self help, yet it has to be admitted that circumstances governing the organisation of such societies in this country are quite dissimilar to those existing in the West. The movement here is only in its infancy and the standard of living is so low.

In this Presidency it would be noticed that most of the societies have made attempts to lift their vision above simple buying clubs and have endeavoured to work themselves; but their progress has been checked by one difficulty or the other. The absence of the knowledge of the objects and the ideals of the real consumers' movement has caused the failure to supplant the existing competitive capitalistic regime and has instead proved unfavourable for the existence of settled confidence, which is so vital, when men propose to keep a common shop.

Bombay a great commercial city and a thriving port has the disadvantages of its greatness. The dissimilar population divided by differences of castes, nationalities and religion, instead of joining as consumers, to appropriate all means of production in common and of awakening to the fact that competition is wasteful, have kept on brooding under the uncertainty of the advantages offered by the store when the retail traders in the neighbourhood have spared no effort to come forth to satisfy the needs of the people who sit to be convinced of the desirability of establishing a joint store, to fight against their customs and dislike of innovations at a great risk of discords and frictions. When, however, consumers become aware of the splendid gains and frauds of traders, they can easily be persuaded of the desirability of a joint store.

"Education is life's necessity for co-operators" asserts Holyoake. Thus if education is desirable for all, it is indispensable for co-operators and there cannot be swift and constant economic progress unless it be co-ordinated with intellectual and moral progress. Gladstone has remarked rightly and experience has proved this. "Wherever good, capable and trustworthy directors are found, I unreservedly recommend Co-operation" is his declaration.

Co-operation has to be practised with sense and prudence and above all with honesty of purpose. The distributing society can only succeed with able, active and honest administrators. The managers who have to be paid something ought to be people interested in the development of the societies, and a bonus at the end of the year should rightly serve to compensate them for their active assistance.

Continued attention and constant supervision on the part of the members is an absolute necessity, if any happy results are expected. Mere preaching of these functions from a momentary enthusiasm for these societies cannot serve to eradicate many social evils. Loyalty is in fact, the first and the last condition of success. Then is needed business capacity and the necessity for the study of trading methods, which should, without fail and any further delay, attract the minds of the members of the managing committees, responsible for the administration of the consumer's stores.

Whether the distribution ought to be made at the lowest prices, or at the current market rates is a question engaging much attention and is made much of by members whose vision cannot help them to see above immediate gain, which is purely wasted on articles of luxury instead of allowing to be accumulated to serve in good stead.

The growth of the society is impeded by the ignorance and the improvidence of those who cannot wait for the accounts to be made up and have no reliance on an unknown principle. When the savings are collected by the society and are afterwards distributed to each member, the advantage realized late is pleasing and such a distribution assists the progress of the society and helps the publicity of the advantages so derived from such a co-operative undertaking. The sale at cost price will without any doubt sharpen the conflict between the retail dealer and the store: the former bound to beat on account of his ability to reduce the prices to lower than those prevailing at the store, and if even necessary, he will work at a loss in order to attract custom and check a rapid turnover in the society which he knows is the only remedy, the co-operators understand, to do away for the need for credit. He could do all this as he would buy inferior things at low cost and sell likewise. Adulteration and lower weights are his productive methods of trade. But the store has to buy cautiously obtaining a fairly accurate estimate of its members' needs and thus has to take every care to avoid yielding to the speculative temptations knowing well that all speculation is built upon wasteful competition. It has at the same time to guarantee right weights and the purity of the articles sold.

It is futile to argue that to follow the custom of the locality, so as to compete with small traders, a distributive society cannot flourish without allowing sales on credit. This misconception is the first and the last reason for the failure of the stores in this Presidency. Those who sit to argue in this fashion seem to close their eyes against the fact that a departure from ready money sale will be inviting legal disputes, complicated administration, misunderstandings owing to the improper pronouncement of an individual's creditworthiness and ultimate misery on account of irreparable losses. These societies that are destined to supplant the middlemen have got to introduce improvements into trading customs and should certainly not make the path of debt easy to customers: the path that is ruinous. By a rapid turnover the need for credit is to be abolished and to achieve this, rigid and vigorous loyalty is needed and the difficulty should take no time to be solved.

## V. POLICY AND PROPAGANDA.

### I. Development of Institute's Work.

#### (a) Is the Institute responsible for supervision? If so how should it discharge this function?

1. **Mr. A. A. Sardar:**—The Bombay Central Co-operative Institute is destined to march at a gradual pace to establish a non-official agency to co-ordinate the different co-operative activities in this presidency and thereby relieve the Registrar of the responsibilities in this connection, enabling him to attend to his legal duties and Departmental administration. The functions of educating the masses and of carrying on the Co-operative propaganda have already been undertaken by the Institute. These being the executive responsibilities of the Institute, the function of supervision is then without doubt the foremost preliminary serving to conduct the whole co-operative organisation on sound lines and has to be performed by the Institute, although, of course the Central Banks have to look into the financial questions of such societies.

It will be idle to deny that neither the unions nor the Bank Inspectors have been very successful in their duties of supervision, because the difficulties with the societies have been numerous while the remedial agencies only a handful.

Official interference is generally regarded as something drastic, which also cannot give satisfaction as the departmental staff which is limited, cannot without ignoring some of the societies of their charge attend particularly and constantly to some; the visit of the Auditors being limited to once to every society.

The Institute then which is itself a body composed of individual co-operators and representatives of co-operative societies would be able to supervise the affairs of the societies and at the same time stimulate the energies of the existing unions through its influence, to do the needful, if only such members undertake to help. Thus the societies will probably feel the control and check so exercised by their own representatives as a sort of a democratic control so necessary for the true spirit of Co-operation.

2. **Mr. R. N. Rajadnya**—For the present the Institute is not responsible for supervision as it has not sufficient funds. However it is indirectly responsible for supervision by helping

the non-official bodies such as guaranteeing or supervising unions, and Taluka Development Associations with advice and guidance. Institute can do little for isolated societies, but with respect to unions and Taluka Associations the Institute can do much by appointing one officer for organising and training such bodies. If the Registrar will please take over the societies under such institutions from the charge of the Honorary Organisers of his department and also hand over some amount spent on supervision of this part, the Institute will be able to do more work with this amount.

3. Mr. F. T. Nalavadi:—I am of opinion that as at present defined the objects of the Institute do not include supervision in the work of the Institute. The question therefore arises whether the Institute should undertake this work. It is desirable that this work should form part of the work of the Institute, provided sufficient grant is forthcoming for the purpose from the Government. The Institute then can engage a Secretary besides the Manager at the head-quarters looking to the daily work and editing of Magazine, to visit the societies in the Division as a Supervisor. The duties of the Secretary as such would be to advise the members of the Societies to take steps to bring into force the suggestions made by the Auditors, the Departmental Officers and the Hon. Organisers &c. As a matter of fact we now find that many of the societies do not at all or readily act up to these suggestions left in the interest of the Society; and some of the societies are so backward that they do not understand how to carry out the suggestions. Besides trying to put matters right, the Secretary can do the work of a propagandist together with a show of magic lantern &c. I feel that unless the Circulars issued and suggestions made are got to be complied with by a Non-Official Body with proper advice, much progress in the way of improvement and education cannot be expected. I therefore propose that the Institute should take up the work of supervision, provided that grant is forthcoming from Government in as much as the present scale of subscription raised is hardly sufficient to meet the expense of the present work undertaken by the Institute.

4. Mr. Y. T. Desai:—Supervision is very much useful and helpful for propaganda work. The progress and Development of the Co-operative Societies and the Co-operative movement as a whole depends upon constant visits, inspection and supervision. This is perhaps the best way for propaganda work and for cultivating a taste for the movement—a movement by which the country is sure to prosper. The aims and objects of the Institute can be easily brought home to the cultivators. This is perhaps the best course for National Service. The principle of 'One for all and all for one' is sure to produce a high moral effect in the minds of the public. Constant supervision will do a good deal in popularizing the Institute, if it were to undertake the work of supervision. Supervision can be best effected by adopting the following procedure.

The Department of the Co-operative societies should transfer some of its rights and powers to the Institute. At present it is the Registrar of Co-operative Societies who registers all types of co-operative societies. It is the Registrar who sanctions loans for all co-operative societies. The Registrar even cancels the societies. The Institute has no voice in any of these affairs. The Institute has not to make even recommendations; it is not even consulted. Under these circumstances it would be rather absurd to hold the Institute responsible for supervision of societies. But if the Institute were to get some statutory rights and powers of this sort, certainly it should be held responsible, and in that case the Institute should adopt the following procedure, which in my opinion is best suitable:—

1. The Institute should be empowered at the present stage, to appoint secretaries only for the proper working of the co-operative societies. (The power of appointing propaganda officers should be given to the Institute after some time).

2. The Institute should then authorise its several branches to appoint 'Group secretaries committees' consisting of three to five members—one committee for each division.

3. These Committees will appoint 'Group Secretaries.'

4. Preference for the post of a group secretary should be given to a man who has passed the 'Secretaries' Training Class Examination.

5. The secretary should be paid Rs. 30-1-40 p. m. The increment should depend upon the account work training and propaganda work which the secretary does.

6. Each 'group secretary' should be for a group of several closely situated co-operative societies (3 to 10), and should stay at the head quarters fixed by the 'Group

Secretaries' Committee. He will have to work the societies in his charge, and also train up the managing Committees, and the members, and do propaganda work as well.

7. These will be responsible and adequately paid secretaries. Thus we will be able to do away with Talatis and school-teachers who act mostly as secretaries at present and who care very little for the societies saying that they are not adequately paid for the work; they even at times advance loans to members more than what they deserve, and if they are transferred to any other village before the time for recovery of loans arrives, the condition of the society becomes very critical. Some of the secretaries even rule the societies because of the sheer ignorance and illiteracy of the members.

8. The 'Group Secretaries' Committee should transfer these 'Group Secretaries' from one group to another either in the same taluka, district, or division.

9. The fixing of normal credits, preparing of annual returns etc., which are prepared in many cases by the auditors of the Department of Co-operative Societies at present, will then be prepared by the group secretaries. Thus auditors too will be relieved a good deal from this sort of work, and will be able to devote more time to the propaganda work.

This system if put in force will greatly advance the co-operative movement. The societies will be properly trained up. There will be more thorough working. The societies and the movement as a whole will gain immensely by this system. In conclusion, I firmly believe that this sort of systematised supervision if put in practice is bound to produce a marvellous change.

**(b) The desirability of having the session of the Provincial Co-operative Conference at places of Headquarters of the Institute's Branch in the different linguistic divisions.**

1 Mr. F. T. Nalavadi:—I greatly feel the desirability of having the session of the Provincial Conference at places of head-quarters of the Institute Branches for different linguistic Divisions. It is to the interest of the Co-operators to know the varying local conditions of the different parts of the Presidency for proper solutions of the various problems that crop up. One will greatly be handicapped in bringing a solution without having experience of local things. It is to the interest of both the rural and prominent Urban Co-operators that they should know each other's condition properly and be acquainted with the work going on in different parts. If the session of the Conference goes in a round-like way, it will afford a good opportunity for all these persons to come together and know the mutual local conditions. I hear that such a procedure is prevailing in Western countries where co-operation has progressed well. To hold the Conference every year at places like Bombay and Poona will be not keeping in touch with all the Co-operators of the Presidency. If the place where the Conference will be held be near to the local co-operators, they will find it convenient to attend it; if great enthusiasm is to prevail among such local co-operators they should come in contact with prominent co-operators of the Presidency. The item of expense is not likely to be increased if the session is to be changed as suggested. On the contrary with the same amount of expense it is to serve a great purpose as stated above if held in the head-quarters of the Institute's Divisional Branches. I therefore hope that this proposal will commend itself to the members of this conference.

2 Mr. D. L. Umarwadia:—In view of the fact that every year there are now organised Divisional Conferences for each linguistic area, it does not seem desirable to have the Provincial Conference at places of head-quarters of the Institute's Branches, for the reason that the Provincial Conference consists of representatives from all the areas. If it is sought to remedy by this method the inconvenience of travelling and lodging it would not be efficacious in so far that people from the Gujarat would find it on the contrary more troublesome to go to the Karnatak. Bombay and Poona are big towns and central places which are very suitable for the holding of these conferences from all points of view. If however, it is desired that the conferences should always be held at Bombay it is a much better suggestion. It has the Central Institute, which holds the conferences, stationed there, and would be more suitable therefore than Poona. I would suggest that these conferences should always be held at Bombay. It is such a place as people can very easily go to. It will be more economical to hold conferences there also. It will afford better facilities for all the delegates from the mofussil from whatever area.

## 2. Administration.

### (i) R. T. R.'s and Tagavi.

#### (a) Proposed withdrawal of concession in respect of the free issue of the R. T. R.'s and how to meet the contingency.

1. Dewan Bahadur S. V. Mensikal:—It is one of the concessions granted by the Government to Co-operative Institutions solely for the uplift of the poor borrowing Ryots, who contribute to the income of the Government by paying Land Revenue. In view of receipt of vast amount of Land Revenue from them, the Government should allow this concession until the Poor Ryots are fit to carry on their monetary transactions by medium of Cheques.

If this concession is withdrawn, the District Central Banks will have to spend much in receiving and remitting money, which would naturally fall on the shoulders of the poor borrowing Ryots, either in form of heavy rate of interest or in some other form. Moreover the borrowing Societies situate in remote villages of the District, will have to come down to the District place for receipt and repayment of loans, which would cause them to incur much expense, risk, and trouble. For these and other reasons the discontinuance of free issue of R. T. R.'s will make the poor Ryots alone to suffer and none else; so the Government be requested to continue this concession at least for some years to come.

If the Conference thinks that the Government is put to any extra expense in this connection, half of the same be contributed by the Provincial and District Central Banks dealing in R. T. R.'s.

#### (b) What changes are further necessary in the Tagavi Loan Rules under the Land Improvement Loan Act relating to Co-operative Societies recently published.

1. Dewan Bahadur S. V. Mensikal:—The present procedure of scrutiny of Tagavi Loan applications is laborious and causes much delay in respect of their sanction; so a special officer well-versed in scrutiny of such applications be appointed at the cost of Government; and Provincial Bank and the District Central Banks be required only to supervise over the work and over the proper utilizations of funds. Such applications be disposed of by the Provincial Bank quarterly; and the Government be requested to reduce the rate of interest now charged on such loan amount to Provincial Bank from 7 to 6 p. c. in view of the fact of the responsibility and the expense borne by the District Central Banks. The present margin of half per cent. now allowed by the Provincial Bank to the District Central Banks is solely absorbed in receiving and advancing money and moreover the loan, when it reaches the individual ryot through the Society, costs not less than 9-6 p. c., which is too heavy to be of an economic use to him.

### (ii) Arbitration and Liquidation.

#### (a) Appointment of stipendiary liquidators and arbitrators; and whether it should be accepted that the present system has broken down, and how it can be improved.

1. Mr. S. G. Almoula:—The question of appointment of liquidators is so closely allied with other problems of removal of difficulties pertaining to liquidation of Societies, that I am inclined to treat these two propositions simultaneously, with a view to suggest a joint remedy for both.

Under the system prevailing at present, a District Honorary Organiser or some gentleman from the community to which the society belongs is appointed liquidator. The District Organiser is generally a busy gentleman, but as he is constantly in touch with the Department and as he is expected to have a fairly good knowledge of the Co-operative Societies Act, the liquidation affairs under him are regular, and achieve satisfactory results, though they are wanting at times, in system and punctuality, unless he is also a trained lawyer. The main difficulty arises when some gentleman not connected with the movement but connected only with the community, is called upon to liquidate the affairs of a society. This gentleman in the first place, is quite irresponsible and not being connected with the movement is unacquainted with the rules governing the process of liquidation and the powers and duties of a liquidator. He does not even submit his quarterly progress report, so as to allow the authorities in the Department to know what he is about. At the end,



after a sufficiently long period he just comes up with his record as it stands after the completion of the liquidation. Naturally his record is full of blunders and it is at times, too late to mend his errors of commission and omission. The procedure is bound to be wrong but at times even the distribution of funds is very faulty.

To cure this defect, the only safe course is to appoint the Auditors in the Department as liquidators of the cancelled societies in their charge. The Auditor being a responsible officer of the Department is just the fit man for performing the work. He is in touch with the society from its very start. His duties make it necessary for him to make himself acquainted with the pecuniary and the social position of the several members of the society. Having to examine and audit the accounts of the Society periodically, he is the man to know the assets and liabilities of the Society correctly. Working under the direct supervision of the Assistant Registrar, he is bound to submit the quarterly progress report of the liquidation proceedings; so if he commits, by chance, any error in the process, he can be corrected at once. As he is always touring, if some intricate problem is to be settled on the spot, he can do so during his tour in the District without incurring any further expenditure. The Auditor has sufficient work on hand. The only difficulty in his case, is that unless he is paid remuneration for the extra work of liquidation which he has at present to do free of charge over and above his usual work of audit, he feels himself overburdened for the only fault of being precise, punctual and up-to-date in the knowledge of his functions.

It is suggested that fees should be paid to him for the liquidation work that he does in case of societies having assets so that he can be persuaded to give his services ungrudgingly in case of societies having very little or no surplus assets to boast of. As the nature of liquidation work is not likely to be of a uniform character, and as the question of fees will largely depend on the nature of the work and the capacity of the society to pay the amount it is advisable that the Registrar may be requested in each instance to fix the fees for the services of the liquidator at the beginning of the liquidation.

In case of liquidation proceedings under the Indian Companies Act, the Courts invariably appoint a responsible officer of the Judicial Department or a lawyer as the liquidator. The Officer or the lawyer gets his fees over and above his usual salary. The procedure suggested above, therefore is not novel. We have only to follow the precedent, which is tried and found satisfactory in practice.

It is suggested that either the District Organiser if he is a lawyer, or the Auditor of the District in which the society in liquidation is situated, be appointed liquidator, and like the District Organiser, the Auditor also should be paid the fees for his services which should be fixed by the Registrar at the beginning of the liquidation.

A resolution to this effect may be put forward before the Conference.

**2. N. R. Tambvekar:**—The present system of arbitration has, in my opinion, completely failed in the case of rural Societies.

Arbitrators, who are honorary workers cannot be expected to devote the whole of their time or even a major portion of their time to arbitration-work; and so the work is bound to suffer and has actually suffered both in points of quality and quantity. Some of the disputes, referred to arbitration, were kept pending by Honorary Arbitrators for years together with the result that it created a general impression amongst the debtors that the Societies were powerless in recovering the debts due to them and they could withhold repayments of loans for any longer period.

In my opinion, it is necessary that persons working as arbitrators must have some knowledge of law, otherwise in cases of a complicated nature they are likely to be mistaken in their decision. There are complaints that arbitrators, because of their want of legal knowledge, have in some cases failed to appreciate facts and consequently given wrong decisions. This point, it seems, is altogether lost sight of while selecting persons to do the work of arbitration.

Under the present system, it is the usual practice to refer to arbitration the disputes of a society to some local person or to a person from some neighbouring society. These persons, for some reason or other, do never bring to light the defects in the management of societies and sometimes acts of mismanagement or even fraudulent acts such as binami transactions etc. either go unnoticed or are allowed to pass off without any necessary action to discourage them.

Sometimes the Inspecting Officers, as for instance Organizers, are seen entrusted with arbitration-work. The duty of Inspecting Officers being that of inspecting societies, they are likely to have formed, as a result of their inspection, some good or bad impressions about the management etc. of particular Societies; and if they sit as arbitrators, their decisions are likely to be influenced by such impressions and cannot be impartial. It is, therefore, in my opinion, absolutely necessary to stop the present practice of entrusting such persons as are mentioned above with the work of arbitration. There are other reasons also for the failure of the present system; but I think it unnecessary here to go into them in detail.

In my opinion, therefore, for every Taluka, where there are 20 or more societies a pleader or some other person having knowledge of law should be appointed arbitrator and be given reasonable remuneration.

The Advisory Committee of the Bombay Provincial Co-operative Bank, Islampur Branch, have actually tried this experiment and there is a regular arbitration court working here for the last 7 months. During that period I, as arbitrator, have disposed of about 75 disputes and the work on the whole is going on satisfactorily.

Rules have been framed of which some important ones which are likely to be useful at other places also, are given below:—

1. This court may be called "The Co-operative Arbitration Court."

2. The arbitrator shall get remuneration as follows:—

For a claim of Rs. 100/- or part thereof...	Rs. 2/-
When it exceeds Rs. 10/- but does not exceed Rs. 200/-	At the rate of two per cent.
When it exceeds Rs. 200/- ... ..	Rs. 4/- for 1st two hundred and Rs. 1/4/0 for every hundred or part thereof in excess of Rs. 200/-

3. The arbitrator shall have a clerk to work under him and he shall get remuneration at the rate of 8 annas per dispute.

4. The clerk shall keep accounts and do all other ministerial work under the arbitrator.

5. The above mentioned expenses as well as other expenses of summons etc. shall at first be recovered from the Society and then be awarded to the Society as costs of the suit from the defaulting debtors.

**(d) Removal of difficulties pertaining to liquidation of societies.**

1. Mr. R. N. Rajadnya :—With respect to the liquidation of village societies, I have found from experience the following difficulties.

Unfortunately there are half a dozen societies in Satara district which have gone into liquidation owing to criminal cases against the office-bearers of these societies. It is in such societies that important books such as the cash books, loan registers, audit notes &c. are always attached by the Police who are unwilling to hand over these papers to the liquidators, as they also want these papers in connection with their investigation and the examination of witnesses in the court. These cases go on for months together and even when finally disposed of by the High Court, the papers are not returned to the liquidator. When there are more than two criminal cases in the society, the result is that some of the overdue loans become time barred and the poor depositors are obliged to wait too long to get back their deposits and thereby the movement suffers in the estimation of the depositors, which has also a bad effect on the surrounding village societies. As the auditors are generally entrusted with such criminal cases and as they are more in touch with the police and the court, they can easily get back books with the distar of the society or at least they can easily get the copies of the necessary papers done at the expense of the society under their supervision. If this be done, non-officials would be willing to work as liquidators.

In the case of other societies, it has been found that the accounts are hopelessly bad and in worse cases it has been found that some important books are missing.

According to Act II of 1912 it is necessary to have a formal enquiry before any society is finally dissolved. It would be better, therefore, if the auditor is entrusted to take

over charge of the papers of the society after finishing his enquiry and it is from him that the liquidators be entrusted to take over the charge. It will be a great help to the non-official liquidators, as it has been found that some important books and papers have been missing in such societies, which becomes an additional work to the liquidator. The auditor knows well what books are kept by the society and if any fraud is made, he can easily detect it in his enquiry on the spot.

As it will be very difficult for the non-official liquidator to do this additional work of the collection of books or of taking copies, I think it will be better if the auditors are entrusted with this work at the cost of the societies.

**2. Mr. D. L. Umarwadia :—**Some suggestions in regard to removal of difficulties in connection with liquidation of cancelled societies are enumerated below very briefly:—

1. The procedure laid down for the guidance of liquidators in Mr. Ewbank's Manual requires to be revised more particularly in respect of (a) records to be maintained by them, (b) levying of contributions, (c) re. the desired interpretation of the word "unlimited liability".

2. The act gives liquidators almost unlimited powers. It is necessary to modify it in order to ensure both proper procedure and to limit and restrict their powers. Appeals are admissible to the Registrar in cases of abuse or errors in construing the vague provisions of the Act, but it is likely that grave injustice may arise, the Appellate authority may never be approached, or when approached it will not have sufficient data on which to ensure justice being meted out.

3. The liquidators appointed should always or as far as possible be men with sufficient knowledge of the work to be done, of their own powers and limitations under the Act as it is, or when revised under that Act.

4. Stipendiary liquidators may preferably be appointed for specified areas; but it will not be convenient to have them full-time men. For years there may be no societies to be liquidated in one area, at other times there may be more work than one or two men appointed can adequately cope with. For this reason the remuneration to be paid to such liquidators must be left to the discretion of the Registrar, to be fixed by him in proportion to the work got done through them. It is desirable to appoint permanently wherever convenient a good local man, a pleader or an experienced co-operator; but in any case it would not be desirable to do away with the present practice of appointing a separate liquidator for each society altogether.

Two more very important things requiring to be remedied but which are difficult all of a sudden of solution are:—

1. The devising of methods to make the work of liquidator much quicker, as in practice it is very undesirably slow and dilatory.

2. The recovery of the assets of a cancelled society through the Revenue authorities should, if possible, be done away with, as it gives rise to very undesirable complications. Most of these suggestions are very nearly in the form of draft resolutions for the consideration of the Conference.

## APPENDIX II.

### Report of the Committee appointed at the Gujarat Divisional Conference in April 1923 to consider the question of Land Mortgage Banks.

The Committee met at Surat on the 12th August 1923, where the following members were present:—

Rao Bahadur A. U. Maljee

Rao Saheb Dadubhai P. Desai, M. L. C.

Mr. D. A. Shah, Assistant Registrar, Northern Division.

Mr. V. C. Jadhav.

Mr. V. L. Mehta.

Rao Bahadur A. U. Maljee was voted to the Chair.

The Conference at Ahmedabad had definitely resolved that some facilities for Land Mortgage Credit were necessary. The work before the Committee was to frame a scheme suitable to the conditions of the Presidency. The Committee were also asked to report if the arrangements for land mortgage credit should be made through the agency of existing co-operative organisations, or whether it was necessary to start a new type of Co-operative association for the purpose.

After careful consideration of all the issues involved, the Committee have come to the conclusion that the business of land mortgage is of too responsible and complicated a nature to be undertaken either by ordinary agricultural credit societies or even by Central Banks of the type now in existence. It is also undesirable to mix up short-term with long-term credit. The principles which govern the two types of credit are somewhat different and hence the conduct of the two lines of business should be entrusted to separate agencies. The services of credit societies and Central Banks should be availed of by getting their recommendations for loans, of the latter especially for larger amounts. Intimation should invariably be sent to them of advances made. The type of new organisation which the Committee contemplate is a Land Mortgage Bank for a District, the term "District" here signifying not the revenue division known by that name, but a fairly large tract with more or less similar agricultural and economic conditions. The membership of this body should be open to all holders of agricultural land and agriculturists within the area of operations, on their subscribing to at least one share. Capital should be raised by shares of the denomination of Rs. 50/— or 50; and it should be obligatory on members who wish to borrow to contribute to the share capital in some fixed proportion to their borrowings. This proportion should not, however, exceed one-twentieth of the borrowings. Dividends on the shares should be restricted to the rate of interest payable on the mortgage bonds to be issued by the Bank. Liability should be limited and should not exceed the face value of the shares.

The sole business of the Land Mortgage Bank should be to grant loans on the security of first mortgages on agricultural lands. The basic idea of the scheme being the improvement of the economic position of agriculturists by the provision of cheap capital, the Bank should take no cognizance of uneconomic holders of land. Advances should, therefore, be restricted to persons with economic holdings, provided that if close enquiries justify, finance should be made available for transforming an uneconomic into an economic holder by enabling him to sink a well or initiate some similar improvement or to purchase a piece of land contiguous to his property for increase of income. The Bank should also be permitted to assist, by cautious financing, in the bringing under cultivation of cultivable wastes, forest or fallow lands. Loans would also be made after careful economic enquiry for the liquidation of old debts, whether on mortgage or other security. Loans for the improvement of lands and of methods of cultivation should, however, have preference over all other classes of advances.

The most important part of the work of a Land Mortgage Bank is the valuation of properties offered for mortgage. This work needs to be entrusted to trained and reliable officers possessing a knowledge of rural economic and agricultural conditions and acquainted with the working of the land revenue system in various parts of the Presidency. As a result of the operations of these valuation Officers, it will enable the State to have some data for the consideration of problems pertaining to economic conditions and to rural indebtedness in various districts of the Presidency; and the agricultural classes will be assisted in getting

cheap long-term capital on the security of their landed property. The Committee hence feel no hesitation in recommending that Government should assist the proposed scheme of Land Mortgage Banks by giving to each of them, in the initial stages, the services of a trained full-time officer for valuing the lands offered as security. Such an officer would have easier access to the village records than any outsider. In addition, the Committee suggest that the Land Mortgage Bank should engage the services of or co-opt on its Board of Management a person or persons competent to examine and pass title deeds of lands to be mortgaged. Loans should not exceed  $33\frac{1}{3}$  per cent. of the value of the lands mortgaged, and bonds upto the limits of the loans outstanding should be issued periodically in series, each series bearing the same rate of interest and the same terms of repayment. Interest should be payable half-yearly and the period of the bonds might be fixed from ten to fifty years. This should be governed by local conditions; and if loans are given for longer periods, the term of repayment of the Bonds should also be correspondingly longer. The periods of loans should be so fixed as to leave the borrower a wide margin of time for meeting his obligations; the idea being that he should find it possible without any strain on his finances to repay the advances out of his increased productive capacity, or the larger margin of saving which may accrue owing to the reduction of interest charges on old debts redeemed. The work of recovery will be facilitated, if powers of foreclosing mortgages by a speedy procedure, similar to those granted in other countries, are conferred by legislation on Land Mortgage Banks.

The bonds should be so drafted as to bring them under the Negotiable Instruments Act, and their free transfer and sale should be encouraged by all legitimate means, such as empowering banks other than the bank issuing them to pay interest or to collect the principal. The investments of Trust money on the security of a first mortgage of immovable property situate in British India is sanctioned under the Indian Trusts Act, Section 20 (e). But as the section may not apply to the bonds of a Land Bank, issued on the security of first mortgages on agricultural lands, it would be necessary to have such bonds specifically recognised as Trustee Securities. The Committee recommend that necessary steps be taken as early as possible to have the Indian Trusts Act amended by the Indian Legislature. As the valuation work is done by an Officer appointed and responsible to Government, and as the grant of loans and the conditions regulating the issue of bonds and the maintenance of Sinking Funds will be subject to the approval of the Registrar, and thus indirectly of the Local Government, the Committee suggest that Government be requested to guarantee the payment of interest on the debentures issued. In the absence of any such undertaking on behalf of Government, it will not be easy to have the new type of security established in popular favour. And unless the bonds obtain public support or are accepted freely as negotiable securities, long-term capital cannot be raised for financing agricultural improvements and redeeming agricultural lands from mortgages at usurious rates of interest.

For similar reasons, it is necessary that Government should, in the earlier stages, take some direct responsibility for the financing of agriculturists through the banks proposed to be started. In other countries, the agriculturist has been able to strengthen his economic position, as he can secure cheap credit on mortgage security for land improvement or release of mortgaged lands from the control of money-lenders. The Committee do not propose to recount the arrangements made to this end in other countries. But they wish to emphasise that in India, the State has a special responsibility towards holders of lands and this responsibility involves some concern for the financing of the agricultural industry. Experience has proved that the personal short-term credit provided, under restrictions, by our existing co-operative credit societies does not effectually or wholly solve the problem of rural credit; and that such credit needs to be supplemented by long-term finance on cheap and favourable terms. The proposals of the Committee are intended to secure such finance on business-like lines through Co-operative Associations, but it is essential that the agriculturists should, as in other countries, get the money at rates much lower than are charged in Co-operative Credit Societies. Long-term capital, however, cannot under present financial conditions be raised at rates lower than six to seven per cent. On the other hand, land mortgage long-term credit, if it is to benefit the ryot, must be available at rates not higher than six per cent. Allowing one per cent. or so for management expenses or for meeting doubtful debts and losses, the mortgage bonds should then have to be issued at rates not much higher than five per cent. Actually they will be floated on a six to seven per cent. basis; and hence the lending rate will have to be correspondingly raised. As that would frustrate the very object of the scheme, the Committee propose that Government

should be requested to assist in popularising the bonds by investing some funds on these securities. Allotments under the Co-operative Societies' Act should, the Committee suggest, be sanctioned every year in consultation with the Registrar of Co-operative Societies and the Bombay Provincial Bank; and the sanctioned credit should be held at the disposal of the Provincial Bank. This allotment should be distributed by the Bank in consultation with the Registrar among the various land mortgage banks in existence; and in return the Provincial Bank should obtain and hold on behalf of Government, or pass to the Imperial Bank of India mortgage bonds of amounts equal to the allotments sanctioned to various banks. The amounts sanctioned should, the Committee propose, be equal to the amount of capital raised by each bank itself in the shape of issued bonds and paid up share capital. For the reasons set forth above, the Committee recommend that the credit should be made available from year to year at the rate, at which Government have themselves raised loans in the market. The Provincial Bank too, the Committee urge, should not charge any commission on this business. It acts merely in advisory capacity and will bear no financial responsibility for the funds passing through it. The effect of this financial assistance from Government at its own rate of borrowing will be indirectly to bring about a reduction in the rate of interest at which land mortgage banks will themselves be able to issue bonds. Directly, it will enable agriculturists to get money cheaper than they could hope to secure without State aid. The bonds kept with the Government may be released as the credit of the banks develops and they are in a position to raise their capital on favourable terms. The advantages of this proposal are that it involves no loss to Government, that it is limited to the capital raised by local efforts, that it helps banks in the initial stages when they cannot place these bonds on the market on favourable terms, and lastly, that it tends to bring about a reduction in the rate of borrowings by individuals. Apart from the precedents for this policy provided by other countries, the Committee urge it on the ground of the paramount claim of the agriculturists on the revenues of the State. After education there is hardly any need so insistent as the provision of cheap long-term credit. Under the scheme proposed, Government will be able to achieve this end at little expense to themselves and will be in a position to close their Tagavi operations altogether.

The bonds would be issued in accordance with separate trust deeds; and the deeds of trust would provide for the building up of Sinking Funds by annual contributions, the investment of such funds, the method of repayment on expiry of the term of the bonds, the procedure to be adopted in case of liquidation and so forth. The bonds when floated can be sold locally if there is a demand, and wide publicity should be given to the scheme through all available channels, official and non-official. But for the issues which cannot be taken up locally, the Provincial Bank at Bombay should be approached. The Provincial Bank should assist in introducing the bonds on the Bombay Money Market and use its influence in getting them floated on the most favourable terms obtainable. It should, the Committee urge, invest its own surpluses required for fluid resource or other purposes in this form of security. The Imperial Bank of India as repository for the balances of Government should also be asked to assist by investing in the bonds and indirectly popularising them. The balances of Government in the districts, represent land revenue collections obtained from agriculturists and in return for the free use of these funds, the least service that agriculturists may expect from the Imperial Bank of India would be the employment of a portion of its large surpluses in the purchase of mortgage bonds. Another direction from which capital may be expected are the Courts of Wards and Minors' Estates. The Committee also suggest that Government should consider the possibility of getting insurance companies to invest their funds in the bonds of land mortgage.

In colusion, the Committee wish to emphasise the urgency of the concessions regarding the bearing of the cost of valuation officers and the change in law is necessary for the mortgage bonds to be included in trust securities. With these concessions and a few minor facilities, it will be possible to make a start immediately in a few districts in the Presidency. The other two concessions regarding Government guarantee for interest and the grant of advances at the ruling rate of interest on Government borrowings are of equal importance. But the Committee recognise that the consideration of these latter proposals will demand very prolonged consideration and may involve correspondence with authorities superior to the Local Government. This will mean some delay; and as the Committee are anxious to see a start being made without delay in the direction of providing facilities for land mortgage credit, the Committee would not wish the favourable consideration of the other two proposals delayed pending the receipt of the opinion of higher authorities on the subject State aid and Government guarantee.

A. U. MALJI.

Chairman.



## APPENDIX III.

### Report of the action taken on the Resolutions of the Provincial Co-operative Conference of 1922.

We have the honour to submit the following report on the action taken in accordance with the resolutions passed at the last Conference.

#### **Resolution I.—Expression of Condolence on Sir Vithaldas Thackersey's Death.**

The Resolution was communicated to Lady Thackersey and Mr. Madhowji D. Thackersey.

#### **Resolution II.—Approval of the Institute Building Scheme.**

Approval of the scheme for a Co-operative Institute Building to serve as a memorial to the late Sir Vithaldas D. Thackersey was published in all the journals of the Institute for the information of all the Co-operative Societies and individual co-operators.

#### **Resolution III.—Protest against treatment given to Co-operative movement in Italy.**

Protest against the cruel treatment meted out to the Co-operative Movement in Italy by the Fascisti during the last two years was communicated to the Secretary, International Co-operative Alliance.

#### **Resolution IV.—Debt Redemption Scheme.**

The Debt Redemption Scheme Committee appointed to consider the subject has met and its report is placed herewith for the approval of the Conference. The Reports of Mr. R.W. Patwardhan, Special Mamlatdar, Deccan Canals, prepared by him at the instance of the Committee regarding his investigation of the economic conditions of the two villages, Pangri and Khedgaon of the Sholapur and East Khandesh Districts respectively, were printed by the Registrar, Co-operative Societies. The Committee's Report has been now printed and submitted to the Conference.

#### **Resolution V.—Liabilities of Central Banks.**

The Registrar has addressed a letter (No. CNF 64 dated 12th April 1923) to Government recommending that the existing Rule No. 10 be modified; and Draft Notification has now been issued by Government.

#### **Resolution VI.—Levy of Inspection fees.**

This resolution was published in all the journals of the Institute for the information of the Societies.

#### **Resolution VII.—Transmission of funds by R. T. R.**

The operation of the system is being watched. The Registrar has forwarded his recommendations to Government under No. CNF 47 of 31st January 1923. Government has issued orders calling upon the Registrar for further report by 1st October 1923.

#### **Resolution VIII.—Guaranteeing and Supervising Unions.**

The Committee appointed to consider this subject has met and its report is placed for the consideration of the Conference.

#### **Resolution IX.—Co-operative Consolidation of Holdings.**

The papers written on this subject by Mr. Otto Rothfeld and Mr. H. Calvert are printed as a leaflet of the Institute. The Branches are requested to translate it in the vernaculars and to carry on a vigorous propaganda. On the subject of passing an enabling law, the Registrar has addressed a letter to Government (CNF 64 of 12th April).

#### **Resolution X.—Co-operative Cultivation Societies.**

The resolution has been published in all the journals of the Institute for information. At the instance of Director of Agriculture Government has passed a Resolution R. D. No. 8001 of 14th May 1923 authorising the Director of Agriculture in connection with the loan of the agricultural appliances to give preference to Co-operative Cultivation Societies.

#### **Resolution XI.—Tank Societies.**

The Registrar has addressed Government to be furnished with a list of such tanks and the rules at present applying to them.

**Resolution XII.—Irrigation Societies.**

Model By-laws for this purpose are under the consideration of the Government.

**Resolution XIII.—Cattle Insurance.**

The opinions collected by the Conference Committee on the subject are published for the information of the Conference.

**Resolution XIV.—Co-operative Taluka Associations.**

The working of such of the Associations as are started is being watched, and the relation of the Associations with the Institute is being discussed with the Department.

**Resolution XV.—Producers' Societies.**

The Registrar has written to say that clause 1 is being taken into account whenever a Producers' Society requires funds. He thinks general orders at this stage are not required. The Branches are recommended to organise more Producers' Societies and bring them in touch with an Urban Bank or a District Bank. Mr. Potnis's paper on small Industries has been assigned to a Sub-Committee for consideration. The Dharwar Branch has organised a Co-operative Printing Press.

**Resolution XVI.—Buying Clubs.**

The Institute has issued a leaflet on the subject.

**Resolution XVII.—Buying work by Credit Societies.**

The Branches are requested to encourage well managed credit societies to undertake the work with the approval of the Registrar.

**Resolution XVIII.—Appointment of a Special Officer for Informing market rates.**

No action has been taken on this subject as the figures collected regarding the stores were not encouraging.

**Resolution XIX.—Free Audit of Stores.**

The Registrar was addressed on the subject and he has moved Government in accordance with the resolution. Government has now issued orders as desired.

**Resolution XX.—Development of Institute's Work.**

The opinion of the Standing Committee regarding Cl. 1 has been communicated to the Registrar. Cls. 2 and 3 have been communicated to the Branches for taking necessary action.

**Resolution XXI.—Transference of Registrar's Functions.**

This has been already brought into force.

**Resolution XXII.—Legislation against alienation by borrowing members.****Resolution XXIII.—Enforcement of ex-parte awards in Foreign Territory.**

These two resolutions did not require any action.

**Resolution XXIV.—Arbitration Procedure.**

The Committee appointed under this resolution has met and its report is placed before the Conference for consideration.

OTTO ROTHEFELD,

*Registrar, Co-operative Societies.*

S. S. TALMAKI,

*Honorary Secretary,*

*Bombay Central Co-operative Institute,*

Poona, 20th September 1923.

## APPENDIX IV.

### Report of the Committee appointed by the Bombay Provincial Co-operative Conference, 1922, under Resolution IV to consider the question of Debt Redemption.

No. S. R. A. D. M. 42 of 1923.

From

OTTO ROTHFELD, Esqr., I. C. S., M. L. C.,  
Registrar, Co-operative Societies.

To

THE SECRETARY,  
THE CENTRAL CO-OPERATIVE INSTITUTE,  
Bombay.

Poona, 7th September 1923.

SIR,

We have the honour to submit herewith the report of our Committee which was appointed to examine and report on the question of debt redemption. After examining the papers of the enquiry made by Mr. Patwardhan and after discussion of the principles involved we felt that while we were in agreement with the Registrar as regards the necessity of making detailed enquiries into the economic condition of each member, whose debts were to be liquidated, and of exercising due caution at the time of granting loans, we thought that unless certain conditions laid down in the circular were modified, it would not be possible to carry on Debt Redemption work to any appreciable extent. Various modifications were suggested to the Registrar; and after discussing these, the Registrar agreed to modify his circular as per accompanying draft, which will be issued as a circular, if approved of by the Provincial Conference. We only desire to add that the circular and the report of this Committee relate directly to cases where a society that indebted by the Provincial Bank desires to take up the redemption of debts of its members of special loans obtained for that purpose from the Provincial Bank, such loans require the recommendation of the Registrar which we consider to be necessary. Our opinion is, therefore, not binding upon District Banks, which themselves finance societies direct and which do not require the Registrar's recommendation to the grant of loans. At the same time we think that the precepts in the circular should be followed in such cases by District Banks also with such modifications as local circumstances may require. On the other hand, we desire to state that we have no wish to restrict primary societies in their own use of their own normal working capital towards the redemption of old debts of members, when they do not require to borrow for that purpose from any other financing agency.

We have the honour to be,

Sir,

Your most obedient servants,

LALUBHAI SAMALDAS.

HAROLD H. MANN.

OTTO ROTHFELD.

\* A. U. MALJI.

F. T. NALAVADI.

#### Note on the conditions of the Debt Redemption Scheme financed by the Provincial Bank.

1. The Provincial Bank is setting aside two lakhs a year for this purpose out of which Rs. 50,000 will be available for District Banks taking up Debt Redemption. The loans will be long term loans.

2. Whatever society is selected, a liquidation scheme should be drawn up for the society as a whole. Every old debt of every member must be shown in the statement and the statement should clearly mark which of the debtors are to be excluded from

\* Subject to the remarks noted below.

redemption with the cause of exclusion, namely, whether he does not require help or whether his condition is hopeless. The scheme must show exactly when each of the debts recommended for redemption is to be paid off and how and when repayments are to be made. (See also this office circular No. 133 of the 20th April 1920 on the same subject). In general the society selected should be in the "A" class; but for special reasons "B" class societies may also be considered, if there is a spontaneous demand from such a society and it appears to be *prima facie* reliable. The liquidation scheme should provide for the debts of all the members included being redeemed within three years, or at the utmost within five years. When any member has been selected for redemption, his debts must be totally redeemed.

3. As far as possible, the scheme should show not only the creditors' claims, but also for what smaller sum the creditors will compound in consideration of prompt payment. *It is most important in debt redemption schemes to ensure that the sawcar does not get paid too much.* Often it will not be possible finally to compound the debts, till the money is available in the village. Hence, where the amount of the loan exceeds the amount for which the debts are compounded, the balance must be returned at once to the Provincial Bank, and such return should be a condition of the loan. Wherever possible, the Bank's Inspector should be present, when the compounding of debts is undertaken.

4. The debts redeemed should be unavoidable, and as far as possible, productive debts. Loans are often asked in order to repay debts incurred by a member to buy a piece of land. In general such a course is unadvisable. No one should make uneconomic purchases of land and if he cannot repay the purchase money out of savings, he should resell as quickly as possible. He cannot expect his neighbours to finance his own bad business. At the same time a debt incurred for land purchase may be redeemed if (a) a reasonable portion of the price of the land, say at least 40 per cent. has been paid off by the debtor from his own resources, and (b) if it is clear that the average margin of profit derived from the land so bought is sufficient to enable him to pay off the debt within ten years, or in other words, if the margin of profit in a normal year represents 15 per cent. or more of the purchase price. It will of course be clear that at the present inflated price of land, such cases will hardly ever occur.

5. The debtor whose debt is to be redeemed should possess the following qualities:—

- (a) He should be of good character and proven punctuality in repaying obligations;
- (b) His holding must be economic, i. e. in a *normal* year he must be able to derive a clear profit from its cultivation, and in a *good* year a considerable profit.
- (c) He must have proved his thrift and industry by either increasing his deposits in the society year by year by *voluntary* deposits or by year by year repaying part of his private debts or by both.
- (d) He must have sufficient assets to be full security for the loan, the assets being worth *at least* three times as much as the loan. Provided that if the debt was incurred for the purchase of new remunerative land under conditions such as have been stated in para. 4, the loan may be given upto half the assets.
- (e) He must give a written agreement that after the liquidation of the debt he will not, till the loan has been fully repaid, borrow (or buy on credit) outside of the society, the sanction being that if he does, the whole outstanding demand shall at once be summarily recovered, whatever the instalments fixed may have been, and that he shall be expelled from the society.

6. A Register must be maintained showing separately the long term loans given for this purpose, the instalments fixed and their repayment. (*Note:* Further instructions about accounts will issue shortly).

7. The financing agency on the other hand should grant extensions and postponements of instalments freely in case of a proven famine or scarcity year.

8. Nothing in this note is being said about the selection of suitable societies, as in the meantime societies are being selected by agreement after enquiry.

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We have the honour to be,  
Sir,

Your most obedient servants,

LALUBHAI SAMALDAS.

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\* Subject to the remarks noted below.

redemption with the cause of exclusion, namely, whether he does not require help or whether his condition is hopeless. The scheme must show exactly when each of the debts recommended for redemption is to be paid off and how and when repayments are to be made. (See also this office circular No. 133 of the 20th April 1920 on the same subject). In general the society selected should be in the "A" class; but for special reasons "B" class societies may also be considered, if there is a spontaneous demand from such a society and it appears to be *prima facie* reliable. The liquidation scheme should provide for the debts of all the members included being redeemed within three years, or at the utmost within five years. When any member has been selected for redemption, his debts must be totally redeemed.

3. As far as possible, the scheme should show not only the creditors' claims, but also for what smaller sum the creditors will compound in consideration of prompt payment. *It is most important in debt redemption schemes to ensure that the sum does not get paid too much.* Often it will not be possible finally to compound the debts, till the money is available in the village. Hence, where the amount of the loan exceeds the amount for which the debts are compounded, the balance must be returned at once to the Provincial Bank, and such return should be a condition of the loan. Wherever possible, the Bank's Inspector should be present, when the compounding of debts is undertaken.

4. The debts redeemed should be unavoidable, and as far as possible, productive debts. Loans are often asked in order to repay debts incurred by a member to buy a piece of land. In general such a course is inadvisable. No one should make uneconomic purchases of land and if he cannot repay the purchase money out of savings, he should resell as quickly as possible. He cannot expect his neighbours to finance his own bad business. At the same time a debt incurred for land purchase may be redeemed if (a) a reasonable portion of the price of the land, say at least 40 per cent. has been paid off by the debtor from his own resources, and (b) if it is clear that the average margin of profit derived from the land so bought is sufficient to enable him to pay off the debt within ten years, or in other words, if the margin of profit in a normal year represents 15 per cent. or more of the purchase price. It will of course be clear that at the present inflated price of land, such cases will hardly ever occur.

5. The debtor whose debt is to be redeemed should possess the following qualities:—

- (a) He should be of good character and proven punctuality in repaying obligations;
- (b) His holding must be economic, i. e. in a *normal* year he must be able to derive a clear profit from its cultivation, and in a *good* year a considerable profit.
- (c) He must have proved his thrift and industry by either increasing his deposits in the society year by year by *voluntary* deposits or by year by year repaying part of his private debts or by both.
- (d) He must have sufficient assets to be full security for the loan, the assets being worth *at least* three times as much as the loan. Provided that if the debt was incurred for the purchase of new remunerative land under conditions such as have been stated in para. 4, the loan may be given upto half the assets.
- (e) He must give a written agreement that after the liquidation of the debt he will not, till the loan has been fully repaid, borrow (or buy on credit) outside of the society, the sanction being that if he does, the whole outstanding demand shall at once be summarily recovered, whatever the instalments fixed may have been, and that he shall be expelled from the society.

6. A Register must be maintained showing separately the long term loans given for this purpose, the instalments fixed and their repayment. (*Note:* Further instructions about accounts will issue shortly).

7. The financing agency on the other hand should grant extensions and postponements of instalments freely in case of a proven famine or scarcity year.

8. Nothing in this note is being said about the selection of suitable societies, as in the meantime societies are being selected by agreement after enquiry.



9. The scheme is at present experimental, and needs very careful watching and supervision by the financing agency, and by all official and non-official workers in the area. Experiments in the past have been very disappointing. It is hoped that the present more systematic experiment will be successful. On its fate depends the very important question whether or not any more can be done to lessen the burden of old debt on the economic cultivators of the Presidency. It must again and again be emphasised that thrift, savings, careful management, and rapid increase of voluntary deposits and reserve funds are the first conditions of success, without which nothing fruitful can be hoped for.

(Note:—This note does not apply to Bhil societies in Dohad, which are being separately considered.)

OTTO ROTHFELD,  
Registrar.

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*Rao Bahadur A. U. Malji's remarks on the note of the Registrar  
on the conditions of the Debt Redemption Scheme.*

I am afraid the provision in para 2 of the Scheme that "any old debt of any member" must be shown in the statement, is rather very hard without any corresponding gain. There may be some members who have lent their credit to the society by joining it and who may not be willing to open their heart in reference to their own conditions. For the sake of such members who are otherwise an asset to the society, the society should not be disabled from getting the debt redemption advantages. With a view to avoid all partiality and to give the widest publicity to the scheme, I agree that every one of the members should be consulted before preparing the statement and if some member declined to avail himself of the scheme, a note need only be made and initialled by the declining member. Such a provision will effectively secure the purpose in view.

I also wish this note should be confined to the Bombay Provincial Bank business and the District Central Banks should be separately dealt with.

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## APPENDIX V.

### Report of the Committee appointed by the Provincial Co-operative Conference 1922 to consider the position of Guaranteeing and Supervising Unions under Resolution No. 8.

The Committee must begin by expressing their great regret that they were deprived of the invaluable assistance of the Hon'ble Mr. Lallubhai Samaldas to this Committee owing to the pressure of his public duties elsewhere. The other members of the Committee considered the question very fully and arrived at the following conclusion.

2. It was unanimously held that for the purposes of supervision it was necessary to have some agency intermediate between the primary society and the central financing agency, whether that agency were a District Bank or the Provincial Bank. It was in fact felt that supervision and some measure of control under local auspices ought to be so given, that it should bring home to every member that the supervision was their own, was conducted in their own interests, and was a necessity to the true growth of the co-operative spirit. On the whole it seemed desirable that this supervision should be of a nature more akin to the functions of the Institute than to the functions of the Central Bank, although the Committee does not wish to exclude financial advice and supervision over accounts and the methods of working of the society on the financial side from the functions of any such body. The Committee, however, is anxious to distinguish assessment of credit, which is a function pertaining primarily and almost entirely to the Bank, from assistance in keeping accounts or from control over the manner in which funds are disposed of. While therefore the Committee desires that there should be some intermediate body and desires that it should be associated with full supervision and some measure of control over all the functions of the primary society, yet it desires it to be affiliated above all to the Institute and to work under its authority rather than that it should be too closely associated with any financing body. The Committee also feels very strongly that in any given area it must be left to the people of the area and the members of the society to select for themselves in full knowledge of the facts what type of supervising body they prefer.

3. Starting with these premises, the Committee is of opinion that even if branches of District Banks are freely opened, they will in no way obviate the need for such other intermediate supervising bodies, as the functions of a Bank and the functions of a supervising body are in a very large measure distinct. The Committee also feels that the Guaranteeing Unions have in so many ways failed to fulfil the expectations which had been built upon them that such Unions should not be further extended. While the Committee, however, has great doubts about the efficacy or value of Guaranteeing Unions, yet it does not desire that they should be abolished or dissolved, where they exist at present, unless the members of the Union themselves desire their dissolution. Guaranteeing Unions which exist, however, should be asked to adopt the byelaws with the latest modifications; and in future credit should be given to the individual societies forming the Union and not in a lump to the Union itself unless in very exceptional cases.

4. In regard to the value of supervising unions in the form of the byelaws drawn up, the Committee feels several serious doubts. Some of those doubts are based upon the fact that the alternative system of Taluka Co-operative and Agricultural Associations is so far in an experimental stage; and that neither model byelaws nor a model system for working with Government and Government grants have so far been worked out. The Committee wishes to emphasize that as soon as possible after the results of the first experiment this year have been reviewed by the Director of Agriculture and the Registrar of Co-operative Societies, steps should be taken to put them on a more methodical basis in consultation with Government, and their models improved and revised. The other doubts which the Committee feels are based upon the fact that the model byelaws as drafted by the Registrar contain more provisions for the purpose of finance which properly belong to the banks that the Committee likes to see, and the Committee wishes to express its desire that the byelaws should again be revised by the Managing Director of the Provincial Bank and the Registrar in consultation before final issue. Passing, however, from these doubts the Committee feels that in any case it is not likely that more than 20 Taluka Co-operative and Agricultural Associations will be formed before the end of the financial year 1923-24, and it does not desire that the question of supervision should be shelved in other Talukas on that account. The Committee, therefore, would like to see Supervising

Unions started in talukas where no such Association exists or is likely to exist in the near future, the model byelaws being modified as already suggested. Where, however, agricultural associations exist or are likely to exist, the Committee feels strongly that in the meantime no other supervising body should be formed. The objections to more than one body working in the same taluka at the present stage of development are numerous and do not need to be described at length. They were very fully considered by the Committee. What the Committee, therefore, desires is that in such talukas the associations should be asked to register under the Co-operative Act and to work in addition to their other functions as branches of the Co-operative Institute, to receive grants for that purpose from the Institute and to undertake duties similar in kind to those which would be imposed upon the supervising unions under the model byelaws as modified after further consideration by the Registrar in consultation with the Managing Director of the Provincial Bank.

The Committee submits this Report to the Institute for approval.

(Sd.) VAIKUNTH L. MEHTA.\*

(Sd.) HAROLD H. MANN.

(Sd.) D. A. SHAH.

(Sd.) D. K. HOSMANI.†

(Sd.) B. K. RASHINKAR.

(Sd.) OTTO ROTHFELD.

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*Mr. V. L. Mehta's dissenting note to the Report of the Committee*

It is necessary to add that the main ground on which a change in policy can be justified is that since Guaranteeing Unions were introduced, the Institute has come into being, and the importance of the Provincial Bank as the pre-eminent Central financing agency has been reduced. Local Central Banks have come into existence and some of these have opened branches and others contemplate doing so. A certain amount of decentralization on a responsible basis in the work of assessment of credit has already been effected. The other important factor is that financing agencies have definitely assumed responsibility for supervision and financial control, and the trend of development is in the direction of investing them with wider powers in these respects.

In paragraph 2 of the report it is stated that the assessment of credit is a function which should not devolve on the supervising bodies proposed to be created. I concur in the view that the ultimate responsibility for fixing the credit of a primary society for borrowings from a central financing agency rests with the agency concerned. But such responsibility is distinct from the duty of gauging the creditworthiness of the different units in a Union and of determining and regulating from time to time the total outside borrowing capacity of a society. In a province like ours, where outside deposits often form the bulk of the resources, this is no formal task. In any sound system of co-operative organisation these latter functions must be performed by the supervising and controlling body. I hold that it would not be wrong for the supervising bodies proposed to be created to assume these duties. Otherwise, they will continue to be performed by a central department, which, in my opinion, is wholly undesirable.

What the members of the Committee agree to is that the system of Guaranteeing Unions on the existing basis should not be continued. I agree with this, and I further agree as a compromise, that under the present circumstances it is best to experiment with the new type of unions suggested by Mr. Otto Rothfeld. But I wish to add that I still feel there are, in the peculiar condition of this country, possibilities in the system of guarantee—which we now agree to discard for the time being—provided certain necessary modifications are introduced in the rules and methods of working.

Personally, I feel that bodies created for the specific purpose of promoting agricultural improvement are not suited for the supervisory and controlling functions, co-operators are anxious that their own unions should perform. The arguments against such combination do not rest on sentiment nor are they academic. The arguments in favour of the combination are the usual ones about paucity of men and money in local areas. Apart from the fact that it is the Taluka Agricultural Associations that came on the scene latest and it is their promoters who should have considered the difficulty, it is

\* Subject to minute of dissent attached hereto.

† Subject to remarks attached hereto

not forgotten that for different activities separate funds have to be raised and that beyond a certain stage, workers in separate lines of work need not necessarily be identical. It is necessary to secure co-ordination and to effect savings in overhead charges, but these gains may be obtained at too great a cost, at the cost of inefficiency and irresponsibility. Until we have some further experience of the working of these new bodies, I would personally hesitate to utilise their agency in the responsible work of organisation, supervision and control. And it is only on the strong recommendation of two official members of the Committee, Mr. Rothfeld and Dr. Mann, with whom and neither with the Institute nor with financing agencies responsibility for organisation and administration wholly rests at present, that some of the members of the Committee, including myself, have agreed tentatively to waive our objections to the proposed centralisation of all co-operative activities in the Agricultural Associations. I do not hold, "strongly" or otherwise, that where Agricultural Associations exist or are likely to exist no other supervising body should be formed. But in deference to the wishes of the responsible officers, as stated above, I am agreeable to leaving *the people in any area and the members of the societies concerned to select for themselves in full knowledge of the facts what type of supervising body they prefer.* I quote from the concluding lines of paragraph 2 of the report and would suggest that this choice should be ascertained through local conferences, the local branches of the Institute, and the Divisional Boards of Agriculture and Co-operation. I leave out of consideration the question of transferring to these associations the work of the Institute, as I understood, that the question was to be discussed and settled later with the representatives of the Institute. There are certain difficulties to be got over, such as, finance and responsibility for control; but as these cannot be gone into here, I would suggest the elimination of the reference to this matter from the Report.

Bombay, 13th March 1923.

V. L. MEHTA.

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*Mr. S. K. Hosmani's Remarks on the Report.*

1. Returned with compliments.
2. I agree with the Report subject to the following remarks:—
3. The financing agency should have sufficient representation on the Board of Management of the Taluka Association or the Supervising Union.
4. There is a strong feeling among the people in these parts that assessment of credit of primary societies should be undertaken by the Taluka Association or the Supervising Union, part of the expense being paid by the Financing Agency.

S. K. HOSMANI.

Haveri.

27-3-23

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*Note regarding Supervising Unions from the Hon'ble  
Mr. Lallubhai Samaldas.*

In the beginning I must express my thanks for the kind reference to myself in the report of the Committee appointed by the Provincial Co-operative Conference to consider the position of Guaranteeing and Supervising Unions. I feel that if there was any loss owing to my absence, that loss was certainly mine, and I was deprived of a valuable opportunity of discussing the matter personally with the other members of the Committee and of knowing their views.

It seems to me that the question of Guaranteeing and Supervising Unions really depends on the necessity or otherwise of having agencies between primary societies and District Banks, and on the question whether such agencies should be purely advisory or should be controlling and supervising bodies. It is also necessary to consider whether such

agencies should necessarily have a financial stake. Theoretically, I admit, the existence of a financial stake appears essential for eliciting a real interest in the work of the society and was therefore a point emphasised by the Committee on Co-operation presided over by Sir Edward Maclagan. But I did not fully agree with this view of the Committee then and do not wholly accept it even now. A supervising body to be successful ought to be morally responsible to a financial institution which can help it to exercise its control and therefore I think that Unions, whether guaranteeing or not, should be affiliated to the District or Provincial Banks, and not to the Co-operative Institute.

These new bodies should I think confine their activities to co-operative work and should not be tied up with the Taluka Agricultural Association that may be in existence or that may be started hereafter. I have, always, been in favour of co-ordination between agricultural and co-operative department; but such co-ordination should begin between the heads of those two departments; the different branches of those departments must, I strongly feel, preserve their individuality and must work in harmony.

In spite of the Committee's opinion about the paucity of workers and the necessity of one institution for each Taluka, I think a combination of two bodies into one will lead to stagnation in both the branches rather than active work in either.

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## APPENDIX VI.

**Proceedings of the Meeting of the Committee appointed by the Provincial Co-operative Conference 1922 under Resolution No. 24 to consider changes in the Arbitration Procedure held in the Institute office on Saturday, 16th June 1923 at 11 A. M.**

Members Present:—1. Rao Bahadur A. U. Malji; 2. Mr. P. H. Banatwala; 3. Mr. D. L. Umawadia; and 4. Mr. B. V. Jadhav.

Rao Bahadur Malji was voted to the chair.

I. Resolved that in view of the difficulties experienced regarding attachments before judgments and such other urgent orders, the committee is of opinion that section 43 (i) of the Co-operative Societies' Act be so amended as to enable the Registrar to appoint permanent Arbitration Courts for any specified area, so that they may deal with applications of an emergent character. The consequent amendments in the rules may also be undertaken.

II. With a view to expedite recoveries and save the heavy cost and inconvenience incurred and experienced in civil courts, this Committee finds it absolutely necessary that Arbitration and Liquidation rules should be so amended as to authorise the Registrar to issue warrants for execution, and charge the Chairman, the Secretary or the nominee of the Plaintiff Society or its liquidator with the execution thereof. Any person so charged with execution should be treated as a public servant within the meaning of section 21 of the Indian Penal Code, when engaged in such executions. All further action after attachment should, at the request of the Registrar, be left to the Collector, who will hold sales, grant certificates of sales, deliver possession to the purchaser, and do all other acts as are usually done by him when enforcing orders passed under section 86 of the Land Revenue Code.

III. The Committee approves of the four suggestions\* in para 6 of Rao Bahadur Malji's note—copy attached—and trusts that they will be given effect to in the amendment of the rules.

IV. That the Registrar be requested to add to the existing rules a provision as to the service of summons in foreign territories in the manner provided by the Civil Procedure Code.

Bombay, 16-6-23.

A. U. MALJI,  
*Chairman of the Committee.*

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\* *The four suggestions referred to are:—*

- (1) The exemption provided in Order 3 Rule 1, Civil Procedure Code, should be obtained, thus saving pleaders' fees if the present system is continued.
- (2) At least one or two arbitrators should every year be appointed for each District, and their appointments notified in the Government Gazette, as in the case of Honorary Magistrates.
- (3) That the arbitrators should be invested with powers to attach or arrest before judgment or they should at least be authorised to issue precepts as provided in Section 46 of the Civil Procedure Code.
- (4) That instead of executing the awards through the Civil Court and bailiffs, the Assistant Registrar of the Division should be authorised to issue such warrants himself and authorise recovery through the officers of the society helped by the Inspectors of the financing institutions whenever possible. In other words, the Chairman, the Secretary or the nominee of the society may be charged with the execution of such warrants and these should attend to execution submitting monthly reports about the results achieved.



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## APPENDIX VII.

### Opinions on Cattle Insurance.

*Note on "Cattle Insurance" placed before the Co-operative Conference and its resolution thereon:—*

Cattle Insurance Societies are very few and their progress is very slow. This activity of the Co-operative movement is not very popular and the Societies also have to consider much before taking risks. They have only to look to their funds. If a reinsurance Central Society is started at Bombay or Government contributes a part of the liability, the burden of the Societies will be lightened, which is quite necessary at this stage of the progress of Societies. Further to popularise the movement and to give impetus to the agriculturists to continue the insurance on cattle year to year, a provision may be made in the by-laws that a particular (say 20 per cent.) percentage of the premia paid will be returned to the insurer, if the assurance is continued for a full period of years *i. e.* from the age of 4 to 12, and this amount may be provided by the Government for some years.

**Resolution.** That this Conference recommends that the question raised as to cattle insurance be referred to the Provincial Conference Committee for report to the next year's Conference.

#### Opinions on the above.

**Mr. V. L. Mehta:—** The question needs to be examined carefully by a small committee of the experts. As the existing Insurance Societies are all situated in Gujrat, the Gujrat Branch may be requested to assemble a Committee consisting of Mr. D. A. Shah, Mr. H. R. Thanaki, Mr. Chhotalal Dwarkadas, an officer or two from the Agricultural and Veterinary Department and some gentlemen acquainted with insurance business.

**Rao Bahadur A. U. Malji:—** I have to point out that the question raised therein is a vexed one. This subject of "Cattle Insurance" was considered at the third Divisional Conference held at Surat. Mr. Madan, then Acting Registrar, Co-operative Societies, Bombay Presidency, had also applied his mind to this subject. When Mr. Rothfeld had observed in the Administration Report that reinsurance business may be undertaken by the District Banks, Mr. Madan has held otherwise. I do not exactly know the details of reinsurance through the District Central Banks; I am not in a position to bestow any thought thereon until these are not obtained. The subject is beset with difficulties; and in order that it might be successfully tackled, the Registrar's views may kindly be invited first. On knowing the registrar's views, the Committee will be in a better position to deal with this question.

**Dr. Harold H. Mann:—** I beg to state that to my mind the real difficulty in this matter is to determine what is the nature of the risk in connection with cattle insurance in Western India. Until that risk is at least approximately determined, it seems to me to be an extraordinary difficult business for any financier or financiers to undertake. At present, so far as I know, there is no evidence as to what the risk is. The figures for the loss of cattle from epidemic diseases reported in the Annual Report of the Superintendent, Civil Veterinary Department are, I fancy, totally unreliable; and the only data on which the risk can be determined are those of the last four or five quinquennial cattle censuses. These give reliable data as to the number of cattle at a particular date, and a comparison with one another, together with a knowledge of a normal rate of increase will give data from which a cattle actuary could determine in some measure, at any rate, the character of the risk. The use of these figures is, however, spoilt by the fact that we never think of insuring cattle without reference to their age; and the data given are for cattle as a whole, and not for those of any particular age.

However, I feel that the first step towards cattle insurance is to place such data as exists before an actuary and get him to give some approximate idea of the nature of risk involved in this business. Without such an opinion I do not feel that any banking

organisation or any Co-operative Institution should touch such an extremely risky business as the one in question, even when Primary Societies are safeguarded by means of re-insurance.

At the same time I consider this matter of very grave importance, as at present the risk involved in keeping valuable animals prevents such animals being kept and is a very distinct cause of the general keeping of medium or poor animals only.

*The Registrar* :—I have the honour to state that at present there is no case for any Government contribution. So far no society has been in any difficulty. The number of societies is also too small to start a reinsurance central society at Bombay at the present moment. I am, however, of opinion that it will be quite easy for the District Banks in the District where those societies exist at the present stage to undertake reinsurance, and I am quite ready to draft simple rules for that purpose. The real difficulty is that the societies themselves are not popular; and I agree with you that they would be popularised if a provision is made in the byelaws to return a certain percentage of the premia or some bonus of a similar kind, if the animal survives a certain period of years. I must, however, confess that I have had papers on my table for the purpose of drafting such a byelaw for the last nine months, and that I have so far found myself quite unable to draft any reasonable byelaw which can be framed on business principles for that purpose. The actual arithmetical basis for such a bye-law and the necessary guarantee for its fulfilment by payment of the bonus is, I must say, beyond me at present, and I should be glad to receive any practical suggestion for such a bye-law, as I believe such a step will help in popularising the societies.

*Mr. L. S. Potnis, Asst. Registrar, Bombay Division* :—I agree with Mr. H. R. Thanaki that if a reinsurance central society is started at Bombay, or if Government gives assurance to contribute a part of the liability, the burden of cattle insurance societies will be lightened and they will be popular. It is not necessary for Government to make any actual contribution in each and every case, but simple assurance will create confidence and the people will not grudge to undertake the organisation of such societies.

I think a reinsurance society will be possible, if there be many such societies or if any arrangement be made with any of the existing insurance societies as regards any reinsurance scheme.

I also agree to the principle expressed by Mr. Thanaki as regards returning some percentage of the premia paid by the insurer, if the assurance is continued for full period of years i. e. from the age of 4 to 12.

As regards this I think there should be a separate scheme on the line of Assurance schemes laid down by Insurance Societies for a particular time, and there should be different rates of premia. In fact these will be assurance societies for cattle, till the age of 12 years, while they are likely to be of no use for agricultural purposes like those of human beings whose earning capacity stops after 55 or at the most 60 years.

I do not think that there is any force in saying that Government should make any provision for repaying the premia paid for 9 years, as the societies will grow older and there will be sufficient funds at its disposal. Besides if the societies are not able to return a certain percentage of the premia paid, I do not think that the scheme will be a business success; and the Institution will not last long unless they be based on business lines. I therefore suggest that the premia for such societies should be on lines of life assurance societies and the insurance value should be paid to the insurer, when the cattle becomes more than 12 years old. There is no objection to request Government to give assurance to those societies for a few years at the beginning, but they cannot be asked to contribute a part of these liabilities.

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# APPENDIX VIII.

## RESOLUTIONS OF THE BOMBAY PROVINCIAL CO-OPERATIVE CONFERENCE, 1923.

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### SUB-COMMITTEE No. 1.

#### Resolution No. 1. Normal Credit.

That the principles underlying the following resolutions (a), (b) and (c) be approved and that the Registrar, Co-operative Societies be requested to take steps after consideration to modify the rules and by-laws in accordance with these principles :—

(a) That as resolved in the Provincial Conference for 1921, all agricultural Credit Societies should be instructed to introduce the system of normal credits for individuals; and (2) that such credits should be subject to the scrutiny of the unions wherever they exist and elsewhere to the scrutiny of the Central Banks to which the societies are affiliated; (3) that in societies where fixation of the credits of individuals is undertaken as mentioned in (1) and (2), the maximum limits of loans for individuals should be abrogated, provided that no member secures the use of more than a tenth of the total working capital available; and (4) that the District Central Bank should not grant loans to societies, of more than three years' standing, failing to fix the normal credit of their members; and that this recommendation (4) should come into force from April 1924.

(b) (1) That while as provided in the Act, the maximum liability which societies may incur by way of outside deposits and loans may be subject to the Registrar's sanction, the assessment of credit-worthiness should be entrusted to unions wherever they exist, otherwise to Central Banks to which the Societies are affiliated; (2) that such assessment should be based on the management and record of the societies, on the needs of members determined in the statements of normal credits, on the unencumbered assets in land possessed by members, and on the amount of owned capital held by the societies; (3) that where the credit-worthiness is assessed at a figure lower than the total of the members' normal credits the amounts available for individuals should be reduced *pro rata*.

(c) That no member should be eligible for election on the Managing Committee if he is a persistent defaulter, is heavily indebted or is absent without proper reasons for two-thirds or more of the committee meetings held in a year, or if arbitration proceedings are taken against him.

#### Resolution No. II. Membership and Directorship of Urban Banks.

That no resolution of the Conference is necessary with regard to the subjects (a) whether a person should be allowed to become a member of more than one Urban Co-operative Credit Society, and (b) whether monetary qualifications by way of holding of shares is necessary for the directorship of such a society, as the matters relate to internal management and can be dealt with by the societies themselves.

#### Resolution No. III. The Union System.

That consideration of the question of Unions be postponed to the next Conference pending receipt of the report of the Institute on the subject.

#### Resolution No. IV. Interest on Loans to Agriculturists.

That it is the deliberate opinion of this Conference that it is the duty of Government to make available for agricultural industry cheap and long term credit.

#### Resolution No. V. Land Mortgage Credit.

That this Conference requests the Registrar and the Institute to examine carefully the proposals in respect of long term land mortgage credit made by the Gujarat Conference Committee.

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## SUB-COMMITTEE No. II.

**Resolution No. VI. Agricultural Sale Societies.**

(a) That in the opinion of the Conference the time has come when Societies for the sale of their members' agricultural produce should be so linked up, that the members should not be under any disadvantage of being members of one particular local Society, whose area is limited. While, therefore, retaining the ideas of such local Societies, these latter should be considered as local Branches of a Central Marketing Association, representative of all, which should be able to arrange that the produce from every part of the area should be marketed to the best advantage. Such a Central Marketing Association should enable the whole of the produce of a particular type of commodity to be marketed through its agency on an equal footing for all the Societies.

(b) That the Registrar should be asked to draft By-laws for such Central Marketing Societies or Associations, suggesting what the relationship to the Branch Societies should be.

**Resolution No. VII. Cotton Seed Societies.**

That in the opinion of the Conference, Societies for the collection and distribution of cotton seed of approved quality are not likely to succeed, unless they form a part of a larger business. At present a limited supply of pure cotton seed is available in nearly all the main cotton areas from the Agricultural Department; and the problem is that of multiplying this, so as to make it available for the majority of the cotton growers in the area concerned. This can, the Conference thinks, best be secured (1) by the Cotton Sale Societies, where they exist, becoming organisations for "seed-supply" also; (2) by the Co-operative Credit Societies receiving indents which can be met either by the Agricultural Department or by private firms certified by the Agricultural Department, or by Co-operative organisations. The question of Co-operative Gins may be the best way ultimately of solving the question of the supply of pure cotton seed; but the position is hardly ripe for these in most areas at present; and when started, they should be under the control of Co-operative cotton sale organisations or of groups of societies affiliated to a cotton sale organisation.

**Resolution No. VIII—Change in the Dates of Payment of Land Revenue Instalments in Cotton Growing Tracts.**

The Conference recommends that in the case of late crops in the cotton growing tracts the question of the dates on which the land revenue instalments should be paid should be so determined, as to allow the members of Co-operative Societies to realise at least a part of their crops before they are called upon to pay. The Conference would note that this has already been recommended by the Indian Cotton Committee. The Conference moreover, is of opinion that when a Society applies for postponement of instalment of its members in any particular season, the Collector should be instructed to agree readily to such postponements, provided the Society guarantees its punctual payment.

**Resolution No. IX—Land Improvement Societies.**

That where the success of a Land Improvement Society, such as one for fencing or for the construction of embankments or the like, depends on the united action of all the land owners whose land is improved, the Conference is of opinion, that the Government should be asked to undertake legislation to enable the local authorities, where the owners of 75 per cent. of the land agree, and where they consider it necessary, to order the constructions of the improvement and recover proportionate contributions from the recalcitrant owners.

**Resolution No. X—Cattle Insurance Societies.**

That the Conference is of opinion that the difficulties surrounding the question of Cattle Insurance are so great, that the Institute should appoint a Committee, as suggested by various opinions cited in the note submitted, to consider the whole question.

**Resolution No. XI—Fodder Supply in Famine Areas.**

That the scheme on Fodder Supply in Famine Tracts, placed before the Conference by Mr. B. S. Shirolkar, Mamlatdar of Sindgi, be placed before the Committee recommended in Resolution X for consideration.

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SUB-COMMITTEE NO. III.

**Resolution No. XII—Government Loans to Producers' Societies.**

This Conference is of opinion that the existing policy of Government in the matter of granting loans to Producers' Co-operative Societies be revised and financial assistance by Government be made available to them at an earlier stage on the basis of their possibilities and chances of success than merely of actualities or success achieved. This Conference further recommends that such financial assistance should be given through the Department of Industries as well as through the Co-operative Department.

**Resolution No. XIII—Producers' Bank.**

This Conference is strongly of opinion that to develop cottage industries effectively on co-operative lines, a Producers' Bank in Bombay for this Presidency is urgently required and recommends that the Institute should appoint a committee to prepare a scheme for such a Bank in consultation with leading sympathetic businessmen.

**Resolution No. XIV—Marketing Facilities to Producers' Societies.**

This Conference recommends that the Central Co-operative Institute should take steps to assist Producers' Co-operative Societies in securing markets for their products by suitable advertisements and catalogues and by approaching large consumers of their goods, the Societies contributing towards the expenses.

**Resolution No. XV—Government Patronage to Producers' Societies.**

This Conference is strongly of opinion that a declaration of policy on the part of Government and all public bodies to extend their patronage to Producers' Co-operative Societies by placing orders with them for their requirements and preferring their tenders is very necessary to develop the Producers' Movement.

**Resolution No. XVI—Purchase Agency for Weavers' Societies.**

This Conference requests the Bombay Central Co-operative Institute to organise a Central Co-operative Agency for the purchase of raw material and implements necessary for Weavers' Co-operative Societies and for the sale of their finished articles on moderate commission.

**Resolution No. XVII—Organisation of Societies for Fishermen.**

This Conference suggests that in order to start Co-operative Societies amongst fishermen the Bombay Central Co-operative Institute should take steps to educate the fishermen, and at the same time approach the Government to appoint a special paid organiser for the organization of Co-operative Societies on the coastal tract on the model of Fishermen's Societies in the Madras Presidency.

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SUB-COMMITTEE No. IV.

**Resolution No. XVIII—Facilities regarding Government Loans to Housing Societies.**

In view of the difficulties of Co-operative Housing Societies, it is resolved that a representation to Government be drafted by Rao Bahadur S. S. Talmaki, B. A., LL. B.,



Dr. T. D. Velankar B. Sc., L. M. & S., Mr. M. E. Joshi, L. C. E., Mr. V. D. Muzumdar M. A. and Mr. J. K. Parulkar J. P. praying for the following reliefs:—

1. That the rate of interest on loans in the case of existing and future Housing Societies should not be more than 5 % per annum.
2. That the rate of interest should be revised periodically in the direction of reduction, so as to approximate to the rate at which Government borrows in the market.
3. That in the case of the Housing Societies, interest on loans advanced should not be charged altogether for the first two years, or in the alternative, the amount be spread without interest over the loan period.
4. That in the contract between Government and the Societies, it may be provided that in the event of the rate of interest becoming at any time favourable to such operation, the Society be empowered to raise debentures, charged *pari passu* on the whole property, on the condition that all proceeds of such debentures shall be exclusively applied to the amortisation of the Government loan.

### Resolution No. XIX—Enquiry Regarding Consumers' Societies.

This Conference recommends the Bombay Central Co-operative Institute to appoint a Committee to go into all the details regarding the non-success of the Consumers' Societies and to suggest such means as will make them a success; the report to be made by the Committee to the Institute within four months from the date of their appointment and the Institute to take such action as they may deem advisable on the Committee's report.

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#### SUB-COMMITTEE No. V.

### Resolution No. XX.—Supervision of Societies.

This Conference appoints the following Committee to examine the existing system of the supervision of societies, to define the kind and extent of supervision to be undertaken by the Institute, to make suggestions for ensuring such supervision, and to report to the Institute within two months. The Standing Committee of the Institute should be authorized to take such action on the report as it deems necessary.

The Committee to consist of the following:—

- |   |  |
|---|--|
| 1. The Vice-President of the Institute. | 2. Mr. F. T. Nalavadi.                 |
| 3. Rao Bahadur A. U. Malji.             | 4. Mr. S. L. Apte.                     |
| 5. Mr. Abdul Razak Deshmukh.            | 6. The Registrar.                      |
| 7. Prof. H. L. Kaji.                    | 8. Mr. V. L. Mehta, <i>Secretary</i> . |

### Resolution No. XXI.—Centres of Provincial Conference.

(1) This Conference recommends that the number of centres for holding the Provincial Conference should be increased as far as possible, and that each Provincial Conference should fix the venue of the next Conference.

(2) Resolved that the next Conference be held at Bombay.

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#### SUB-COMMITTEE No. VI.

### Resolution No. XXII.—R. T. R. System.

That this Conference endorses the resolution of the last Provincial Co-operative Conference and would agree to any reasonable changes the Registrar and the Provincial Bank may bring about after considering the last para of Rao Bahadur Chitale's Committee's Report dated 4-12-1922.

### **Resolution No. XXIII.—Reduction of Interest on Tagavi Loans.**

That in view of the recent rules for Tagavi loans advanced for improvement of lands and the general reduction in the market rates of interest, this Conference respectfully but firmly urges that Government should even at some loss reduce the rate of interest to 5 per cent. on such loans. And further the Conference recommends that the Central Institute and the Bombay Provincial Co-operative Bank should take necessary steps to advocate the resolutions asking for concessions from Government in respect of the supply of loans to the Co-operative Movement and their rates of interest, and to request their respective Officers to advocate the same cause with the Government of India, should it be required.

### **Resolution No. XXIV—Arbitration Proceedings.**

That this Conference, in consideration of the Report of the Sub-Committee appointed at the last Provincial Co-operative Conference dated 16-6-1923, recommends :—

- (a) That in view of the difficulties experienced regarding attachments before judgments and such other urgent orders, section 43 (1) of the Co-operative Societies' Act be so amended as to enable the Registrar to appoint permanent Arbitration Courts with full powers for any specified area, so that they may deal with applications of an emergent character; and that the consequent amendments in the rules may also be undertaken;
- (b) That with a view to expedite recoveries & save the heavy cost & inconvenience incurred and experienced in civil courts, Arbitration and Liquidation rules should be so amended as to authorise the Assistant Registrar to issue warrants for execution, and charge the Chairman, the Secretary or the nominee of the Plaintiff Society or its liquidator with the execution thereof any person so charged with execution should be treated as a public servant within the meaning of section 21 of the Indian Penal Code, when engaged in such executions; all further action after attachment should, at the request of the Registrar, be left to the Collector, who will hold sales, grant certificates of sales, deliver possession to the purchaser, and do all other acts as are usually done by him when enforcing orders passed under section 86 of the Land Revenue Code;
- (c) That the Registrar be requested to add to the existing rules a provision as to the service of summons in foreign territories in the manner provided by the Civil procedure Code;

and requests the Registrar to take the necessary action.

### **Resolution No. XXV—Appreciation of the services of Mr. Rothfeld.**

That this Conference places on record its sense of high appreciation of the valuable services of Mr. Otto Rothfeld, I. C. S. to the Co-operative Movement in this Presidency during his tenure of office as the Registrar of Co-operative Societies.

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## APPENDIX IX.

### Proceedings of the Meeting of the Representatives of Central Banks (District Banks' Conference.)

Under the auspices of the Bombay Provincial Co-operative Bank, Limited, a meeting of the Representatives of the Central Banks was held at the Council Hall, Poona, at 5-30 p. m., on Sunday the 23rd September. The following gentlemen were present :—

#### *The Bombay Provincial Co-operative Bank, Limited.*

1. The Hon'ble Mr. Lalubhai Samaldas, C.I.E., (Chairman.)
2. Mr. B. F. Madon.
3. „ Vaikunth L. Mehta (Managing Director).
4. „ Ramnikrai N. Mehta (Manager).
5. „ L. K. Bhagwat, Baramati.
6. „ C. N. Sahasrabuddhe, Nira.
7. „ R. N. Rajadnya, Islampur.
8. „ A. B. Oza, Ahmedabad.

#### *The Broach District Central Co-operative Bank, Limited.*

9. Rao Bahadur A. U. Malji.
10. Mr. Harilal Govindas.
11. „ Krishnarao Gajanan Palkar.

#### *The Karnatak Central Co-operative Bank, Limited.*

12. Dewan Bahadur S. V. Mensinkai (Chairman).
13. Mr. S. S. Basawanal, M. A. (Managing Director).

#### *The Kanara District Central Co-operative Bank, Limited.*

14. Mr. S. N. Keshawain.

#### *The Belgaum District Central Co-operative Bank, Limited.*

15. Mr. V. M. Bakre.
16. „ M. S. Patil

#### *The Barsi District Central Co-operative Bank, Limited.*

17. Mr. R. M. Sane (Chairman).
18. „ V. B. Dharmadhikari.

#### *The Poona Central Co-operative Bank, Limited*

19. Mr. S. L. Apte.

#### *The Thana District Central Co-operative Bank, Limited.*

20. Mr. Krishnaji Moreshwar Masale.

#### *The East Khandesh Central Co-operative Bank.*

21. Mr. B. D. Annigerikar.
22. „ S. Y. Sontakke.

#### *The Sholapur District Central Co-operative Bank.*

23. Mr. M. R. Godbole.

#### *The Nagar Central Co-operative Bank.*

24. Rao Bahadur G. K. Chitale.
25. Mr. M. Y. Joshi.

*The Belgaum Pioneer Urban Bank, Limited.*

26. Mr. B. B. Potdar.

*The Hubli Urban Co-operative Bank, Limited.*

27. Rao Saheb K. R. Walvekar.

*The Nasik District Central Co-operative Bank, Limited.*

28. Mr. G. N. Pethe,

29. „ K. N. Srikantaiah.

*Others present :—*

30. The Registrar, Co-operative Societies, Poona.
31. The Assistant Registrar, Co-operative Societies, C. D., Poona.
32. The do. do. B. D., Bombay.
33. The do. do. Sind.
34. The do. do. K. D., Nasik.
35. The do. do. N. D., Surat.
36. The do. do. S. D., Dharwar.
37. Mr. R. W. Patwardhan, Special Mamlatdar. C. S., Kopergaon.
38. Mr. K. B. Wadekar of the Dhulia Urban C. C. Society.
39. The Registrar of Co-operative Societies, Baroda.
40. Mr. Ganpatsing Raojising, Tal. Organizer, Kopergaon.
41. Mr. Kevalram Dayaram Shahani, Hyderabad, Sind.
42. Rao Bahadur Pritamdas, Hyderabad, Sind.
43. Mr. Desaihbhai S. Patel. Hon. Organizer, Ahmedabad.

In commencing the proceedings, the Chairman welcomed the representatives of Central Banks and regretted that the time at their disposal would not permit of their taking up all the questions placed on the Agenda or discussing them at very great length. He hoped, however, that on the few questions they would take up for discussion they would have a full and frank discussion and arrive at decisions which may be acceptable to all central banks in the Presidency.

I. The Chairman then took up what appeared to him to be the two most important questions on the agenda prepared by the Provincial Bank and on the Supplementary agenda framed at the suggestion of Central Banks. The first item related to the granting of permission to central banks to keep deposits with other central banks as with the Provincial Bank. The second point was the extent to which the Co-operative Department and the Provincial Bank should interfere in the internal management of central banks. With regard to the first matter, the Chairman mentioned that the Broach and Karnatak District Banks had asked for permission to keep deposits with other central banks as the rates quoted by this Bank were not high enough. In regard to the second matter, the Chairman said that at the desire of Co-operators in the Presidency, the Bombay Central Bank had assumed the responsibility of a Provincial Bank, but all the same if the feeling among the central banks was that no apical institution was required, the Board of Directors of the Bank were quite prepared to reconsider their position. Mr. Rothfeld, Registrar of Co-operative Societies, at this stage explained in detail the principles underlying the financial structure of co-operative movement in the Bombay Presidency and showed how the Bombay Central Co-operative Bank had given to be accepted as the Provincial Bank as a logical outcome of recent development. He pointed out the advantages which the movement had obtained as the result of the financial backing of the Provincial Bank and of the disciplined organization which they had built up. He was glad to find that to a certain extent the lines of their organization were being imitated in a country so well advanced in co-operative matters as France; and he, therefore, urged the representatives of central banks to stick to the present lines of development and to accept the ideal of a federal structure. Inter-lending or borrowing from outside should, in his view, be treated as exceptions which

would have to be justified on the score of special local circumstances. It was resolved that this meeting accepted the present position of a linked organization with Provincial Bank at the apex and considers that inter-lending or borrowings from outside should be permitted only as exceptions after careful consideration of local circumstances.

II. With regard to the intervention by the Co-operative Department and the Bank in the working of District Banks, it appeared that the East Khandesh Central Co-operative Bank which had asked the subject to be placed on the agenda did not want to discuss it as a general question of policy, but had a specific grievance which it thought, it would be best to consider and settle at a conference of central banks. As the general feeling was that a specific complaint like that referred to should be better settled by an informal roundtable talk among those concerned rather than be discussed at a large meeting which could not have time to go into details, the Chairman of the East Khandesh Bank agreed to place the difficulties before a committee which would examine all the papers relating to the matter. He added that he had confidence that the Registrar and the Bank authorities would appreciate his point of view if they were placed in full possession of the facts. It was resolved that the complaint of the East Khandesh Central Co-operative Bank mentioned in item (I) of the supplementary agenda should be referred to a Sub-Committee consisting of the following :—

1. The Registrar, Co-operative Societies.
2. B. F. Madon, Esqr.
3. Rao Saheb K. R. Walwekar.
4. V. L. Mehta, Esq.

III. In view of the decision of the Provincial Bank to issue additional shares, the Chairman then selected for discussion item 2 on the supplementary agenda suggested by the East Khandesh Central Co-operative Bank. Under this it was proposed that the share holding by the central banks in the Provincial Bank should be on the basis of borrowings and not in proportion to the share capital as was decided at last year's meeting. This view did not find general support and it was explained that the difficulties the Bank would experience in having some portion of the capital withdrawn from investment with co-operative societies could be met by the grant of some additional credits. In view of the present rate of dividend on the Bank's shares, it was explained that no loss of interest or hardship would be caused to Central Banks. The Chairman of the East Khandesh Bank after some discussion agreed to withdraw the proposal provided he was left free to negotiate direct with the Provincial Bank on the subject of share-holding. No resolution was, therefore, adopted on this item.

At this stage as Mr. Rothfeld proposed to leave the meeting, the Chairman addressed to him on behalf of those present a few words of farewell greeting. While doing so, the Chairman thanked Mr. Rothfeld for his assistance in emphasizing the need for all the component parts of the financial organization standing together and for his help in bringing about a better understanding between the Central and Provincial Banks. Mr. Rothfeld thanked the Chairman and the representatives of Central Banks for their kind words of farewell and for the assistance they had given him in his work.

IV. The next item taken up for consideration was whether a definite standard should be prescribed for the maintenance of fluid resource against short-term and fixed deposits. It was generally agreed that there was no need to prescribe any definite standard and that the Directors of Central Banks should be requested to watch the position and fix their own standard according to local circumstances.

V. The next item was the financing of producers' and consumers' societies, whether it should be taken by Central Banks and if so on what basis. At the outset, Mr. B. F. Madon inquired about the difficulties, if any, which were experienced by central banks in this respect. The Manager of the Poona Bank explained the position of his Bank with regard to the financing of a producers' society in Poona City and after full discussion, it was suggested that to ensure safety and to increase security, the following safeguards could be observed by a central bank in financing a producers' society of the type of the Twasta Kasar Society in Poona.

1. That the goods should be in possession of the Bank and that a board to that effect should be put up on the premises.

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1. That the goods should be in possession of the Bank and that a board to that effect should be put up on the premises.



2. That a letter of hypothecation should be taken from the borrowing society.
3. That the additional security would be afforded if the society drew a hundi on the buyer of goods and the bank obtained the acceptance of the buyer before making an advance.

VI. As there were no definite suggestions with regard to the general question of the relation of central banks to agricultural purchase and sale, it was decided to drop the matter. It was announced, on behalf of the Provincial Bank, that it was prepared to undertake the sale of cotton in Bombay consigned by co-operative societies, and representatives of societies and the banks present were requested to send their suggestions or proposals for the consideration of the Board.

VII. The meeting accepted the Registrar's suggestion that sale societies should be financed to the full extent required by taking the produce delivered for sale by members in pledge and by appointing a clerk to watch transactions.

VIII. With reference to the proposed withdrawal by Government of the concession in respect of free issue of Remittance Transfer Receipts, it was resolved to support the resolution to be moved at the next day's sitting of the Provincial Conference. Further efforts, it was suggested, should be made to introduce the system of reverse drafts.

IX. The Chairman next took up the first item on the agenda namely, determination of the rate of interest on advances by the Provincial Banks to Central Banks. Rao Bahadur A. U. Malji urged the reduction of the rate on Government borrowings. Mr. Rajadnya raised the point that as out of the Bank's resources the larger portion represented the surpluses of co-operative institutions the lending rate could be reduced, if these bodies were allowed lower interest. On behalf of the Provincial Bank it was explained that the bulk of the Bank's capital was derived from urban and central banks, on which interest of 6% had still to be paid, as the banks refused to be satisfied with anything less. For short-term requirements reduced rates were at present being quoted, and it was generally agreed that the matter should be held over, until it was definitely established that the money market enabled deposits to be raised at lower rates of interest.

X. It was resolved that the suggestion of the Karnatak Bank to open accounts on behalf of district central banks in Taluka and Huzur Treasuries and to allow central banks to draw on these by the issue of cheques as also the similar proposal put before the Provincial Conference by the Manager of Provincial Bank were referred to the Bank which was requested to correspond in the matter with the Registrar and the Controller of Currency.

XI. The second proposal of the Karnatak Bank related to the advance of Tagavi direct to district banks instead of through the Provincial Bank. As there was no support forthcoming for this proposal from other banks which had hitherto no transactions in Tagavi loans, it was resolved that if it so desired, the Karnatak Bank should approach Government in the matter direct.

XII. The Broach Bank in its first suggestion requested the Provincial Bank to accept deposits in savings account in excess of the present limit fixed at Rs. 5,000. It was resolved that the limit for central Banks should be increased provisionally to Rs. 10,000 and if necessary the matter might be re-considered next year.

XIII. The next proposal of the Broach Bank related to the grant of overdrafts on the security of short-term deposits and the fixing of a uniform rate of interest. The former proposal it was urged, was based on a resolution of the Central Bank's Conference held at Poona last year. On its being pointed out that the resolution approved of the grant of short-term loans or overdrafts against fixed deposits and not the grant of overdrafts against short-term deposits, it was decided to drop the matter for the present.

The meeting dispersed with a vote of thanks to the representatives of Central Banks and the other guests present. The Chairman hoped that such gatherings would become a regular feature of their business relations, as, in his opinion, they tended to strengthen the links between the component units of the movement.

LALUBHAI SAMALDAS,  
Chairman,

The Bombay Provincial Co-operative Bank Limited.

Bombay, 30th October 1923.

## APPENDIX X.

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### **Proceedings of an informal meeting of the delegates to consider the question of affiliation of Native States to the Bombay Central Co-operative Institute and other questions.**

*Delegates present*:—Rao Bahadur A. U. Malji, Rao Bahadur S. D. Garud, Rao Bahadur S. S. Talmaki, The Registrar of Co-operative Societies, Baroda, the Registrar of Co-operative Societies, Hyderabad, (Deccan), Messrs. C. B. Huli, A. C. Desai, P. S. Ramrao, N. P. Bhagwat, L. S. Potnis, P. H. Banatwala, D. A. Shah, L. K. Bhagwat, J. K. Parulkar, A. V. Patwardhan, P. K. Jambhekar, R. N. Rajadnya, P. C. Kelkar, M. M. Basrur, B. S. Shirolkar, D. Y. Bhonsle, Rao Saheb G. H. Desai, Rao Saheb K. R. Valvekar, the State Karbhari of Phaltan State and others.

Rao Bahadur S. D. Garud was voted to the chair.

Resolved that Societies in Indian States may join the Institute individually or organise a local Institute, and make that Institute, a member of the Central Institute, on such conditions as may be mutually agreed upon.

Resolved that this meeting approves of the proposal to send delegates and exhibits to the Co-operative Exhibition at Ghent. The details should be worked out by the Standing Committee of the Institute in consultation with the Registrar and the Provincial Bank.

Resolved that this meeting requests the various branches of the Institute to collect subscriptions from individuals and Societies for the Sir Vithaldas Thackersey Memorial Fund.

S. D. GARUD,  
*Chairman.*

# APPENDIX XI.

## AGRICULTURAL EXHIBITION.

Held at Poona Agricultural College,

on

Monday, September 24, 1923.

from 7.30 to 10 A. M.

Specially arranged for the benefit of members of the Co-operative Conference.

The exhibits are in the following places:—

- (1) The Main Hall of the College (in which the majority of the exhibits are grouped).
- (2) The Museum of the College (also in the centre block of the College) in which the indoor exhibits of the agricultural and dairying sections are housed.
- (3) The lower chemical laboratory (in the right block of the College), in which the chemical exhibits will be found.
- (4) The grounds just between these two blocks and at the back of the main block where the dairy animals and those for veterinary demonstration are placed.
- (5) The implement sheds of the farm.

Note:—The College is about  $2\frac{1}{2}$  miles from the Poona Post Office and is on the Ganeshkhind Road.

A tonga takes about half an hour to cover the above distance. Volunteers distinguished by a scarf on the sleeve will conduct visitors and demonstrate the exhibits. The Members of the College Staff will be delighted to explain any points.

W. BURNS.

*Ag. Principal.*

22-9-1923.

### Agricultural Section.

- I. The Agricultural College farm, Poona is divided into three sections, viz:—
  - A. The Dry Crop Block
  - B. The Irrigated Crop Block
  - C. The Mal Land

In the Dry Crop Block, jowar, cotton, bajri, groundnuts and kulthi are being grown, on what is known as "Dry Farming methods" which, one may summarise, consist of a good ploughing and further preparation of land to absorb every bit of rainfall, sowing the seeds in such a way as to facilitate frequent intertillage so that a perfect dry mulch can be maintained and thus as much of the moisture as possible secured for the growing crops.

The rainfall upto now has been only 13 inches from May which is nearly  $3\frac{1}{2}$  inches below the average that ought to have fallen by this time. Of this 13 inches 3.78 inches fell only in the last week. Besides, there has been a long break of nearly 30 days until 10th September during which time the crops have all been maintained in good growing condition on the mere strength of frequent inter-tillage and the bajri crop has been very good.

In the Irrigated Block are found growing various important garden crops such as turmeric, ginger, suran (elephants-foot), chillies, cabbage, pan (betel-vine), guinea grass, elephant grass, brinjals &c., &c.

In the Mal Land is a big strip where embankments have been put up in order to prevent erosion and washing off of soils during rain or floods.

Various useful improved implements have also been arranged in the farm implement shed for view.

Owing to the recent heavy rain, the soil is unworkable, and demonstration of implements working is impossible.

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### Dairy Section.

1. In Museum:— Foodstuffs, cheese, butter &c.
2. Outside:—Dairy animals of early maturity and good milk yield with their records.

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### Chemistry Section.

#### I. Examination of Milk:—

- (1) Determination of Fat per cent.:—This indicates whether the milk is rich or poor for the production of butter.
- (2) Lactometer test:—This shows the Specific Gravity of milk and approximately indicates the quality of milk and the probable amount of water added.
- (3) Total solids:—The most reliable method of determining the quality of milk and of finding the quantity of water added.

#### II. Examination of Butter and Ghee:—

- (1) Butyro-Refractometer:—The instrument serves as a preliminary test to find out the purity of butter or ghee.
- (2) Volatile fatty acids:—The most reliable chemical method of determining the purity of butter or ghee and indicates adulteration with other fats or oils.
- (3) Iodine test:—The presence of any flour to a butter sample is easily shown.

#### III. Microscopic Examination of Flours:—

- (1) Pure wheat:—Rounded grains with rings.
- (2) Pure maize:—Angular grains with a dot in the middle.
- (3) Mixture of wheat and maize:—Adulteration of costly flours with cheap ones can thus be detected.

#### IV. Examination—Food materials, oil seeds &c.:—

- (1) Determination of Fat:—The value of a food material or an oil seed depends on the percentage of fat which can be accurately determined by this process.
- (2) Determination of Fibre:—This indicates the indigestible portion in the food.
- (3) Detection of poisonous substances in food.
  - (a) Hydrocyanic acid.
  - (b) Resin &c.

#### V. Examination of Manures:—

- (1) Determination of Nitrogen:—The value of most manures depends on the percentage of nitrogen present.
- (2) Determination of sand:—This simple test indicates any earthy material added to the manure as an adulterant.

#### VI. Important minerals and Rocks of the Bombay Presidency from which all the agricultural lands are derived.

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### Botany Section.

In this section are placed exhibits which show among others the results so far attained of researches on subjects such as Lavala, Potato, Grass, Bajri &c. and which also indicate stages in the progress of the researches. Some of the exhibits are plants of economic importance and others illustrate a few facts of plant life. Explanatory labels accompanying each exhibit give detailed information.

The *bajri* exhibits show a variety collection of different types of *bajri* ears and a few whole plants. The collection suggests lines on which selection of types should proceed in order to attain the object aimed at, namely, that of evolving races of plants that are most drought-resisting and at the same time high-yielding.

The *lavala* exhibits are supremely interesting. They show the tenacity of life of the plant, its activities, the depth to which it reaches and the contrivances adopted by it to retain its vitality. Those phases of its life history have suggested its weak points and the direction in which an attack must be made to eradicate it. Some tubers exposed to sun and others in normal condition of health are also shown.

The grasses exhibited provide a guide to the selection of types useful as fodder grasses, kinds of grasses growing in *mal* land and in areas of low rain fall. The exhibits include kinds useful as mixtures for pastures in different tracts of the Bombay Presidency.

Lastly there are some exhibits that demonstrate to the physiology of plant life such as conduction of water to the leaves and roots and the pressure exerted by the roots for the purpose of forcing food-containing water to the upper parts of the plants. There are some more exhibits of plants of economic importance such as camphor, rubber &c.

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### Horticultural Section.

1. Different types of lemons.
2. Lemon, Toddy, Pomegranate, and Jambhul juices. (a) Raw, (b) Filtered and bottled at different times.
3. Tomatoes. Country, Greater Baltimor and Bonny Best (Two American varieties introduced from U. S. A. in 1922). Spiced tomato pulps of country and American varieties.
4. Figs. Poona, Basra white, Basra black, preserved in solution. Dried figs. sulphured and sun-dried Poona fig. Afghanistan fig purchased for the market.
5. Insects attacking fruit crops—See Entomological Section.

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### Mycology Section.

Plant Diseases to Eungi.

(1) Koloroga or Gal disease of Supari, (2) Jowar Smuts (Kani), (3) Grape vine Mildew, (4) Ring Disease of Potatoes, (5) Tikka Disease of Groundnut, (6) Red Rot of Sugarcane.

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### Entomological Section.

I. Insecticides:—

- (1) Stomach Poisons:—Lead Arsenate, and Paris green.
- (2) Contact Poisons:—Fish oil, Resin soap, Kerosene oil emulsion, Lime sulphur wash, Resin compound.
- (3) Spraying materials:—Copper Sulphate in packet and ordinary, Lime, Resin, Soda and Sulphur.

- (4) Sprayers:—4, 2½, 1, and ½ gallon capacity.
- (5) Dusting machines.
- II. Lac-Stick. Silk-worms (Eri and Seri).
- III. Effect of Insecticides:—
  - (1) Stomach Poison—Plants with caterpillars, unsprayed, and sprayed.
  - (2) Contact Poison—Plants with Aphis unsprayed, and sprayed.
- IV. Important Insects on Economic crops.
- V. Fumigation—Method.

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### Veterinary Section.

#### In the Hall.

1. Six Models of the ear, brain, lungs, skin, eye and heart.
2. Bovine foetus.
3. Cutaneous myiasis producing (Maggot-producing) flies in animals.
4. Internal parasites of domestic animals.
5. Probang.
6. Trocar and Cannula.
7. Truss for prolapsus of uterus in cows.
8. Nose punch.

#### Outside the Hall.

9. The new method of castration of the bovine male.
10. Nasal drenching.
11. Lavage (Gastro-intestinal)

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### Soil Physics Section.

1. Capillary rise of moisture in the soil in different directions, viz. vertical, slanting (45 degrees), and horizontal.
2. Absorption of heat by soils of different colours.
3. Effect of lime or superphosphate on the percolation of water through the soil.
4. Determination of the various sizes of soil particles.
5. Permeability of puddled and unpuddled soil.

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### Engineering & Physics Section.

1. Models of roof trusses:— These are for different spans.
2. Models of gates:— show various types of farm gates and stiles.
3. Model of an engine crank:— shows how horizontal motion is turned to circular.
4. Model of a worm gear:— shows how motion can be transferred at right angles to the original.
5. Model of screw motion:— shows how circular motion is turned to horizontal.
6. Transmission of power:— shows how power can be transmitted and increased or decreased by a system of pulleys and belting.
7. Archimedean Screw:— for lifting water to small heights.
8. Water wheels and Turbines:— show how water power can be used for working machinery.
9. Hydrometers:—  
Lactometer for testing milk. Salinometer for testing salt solutions. Saccharometer for sugar solutions.
10. Pulleys:— Various systems to lift up weights with advantage.
11. Models of Pumps and Valves:— show various types of pumps for lifting water and valves used in the pumps.
12. Model of a Hydraulic Press:— shows how small pressure is utilised to work more.

13. All about weather and rain:— Shows how rain can be foretold by the help of various instruments like Barometers, Thermometers, Hygrodeik, and clouds. Rain gauge for recording rain. Chart showing rainfall distribution in India.

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## AN ACCOUNT OF THE EXHIBITION.

(Reprinted from the Times of India, dated 27th September 1923.)

No better exemplification of the principles of the co-operative movement could possibly have been given to the Co-operative Conference delegates than that of the Exhibition especially arranged for them at the Agricultural College this morning. It was a practical and effective demonstration of the way in which science is co-operating with labour to produce the best results and the many phases of work shown undoubtedly proved of the greatest value to all the delegates. There was something for everyone. The main aim of the organisers seemed to be to show not only how things should be done, nor even how they can be done, but actually as they must be done in order to give paying results.

Most of the buildings of the College were utilised and each was very well attended by enthusiastic delegates. The farm was a particularly strong magnet showing, as it did, the three main blocks devoted to dry crops, irrigated crops, and *mal* land. In the first section cotton, jowar, bajri, kulthi and groundnuts were being grown on what is termed the "dry farming method," which, in a phrase or two, consists of a very good ploughing and other working of the soil to make it absorb every drop of the rainfall, and then sowing the seeds in such a way as to facilitate frequent inter-tillage so that a perfect dry mulch can be obtained, which will secure as much moisture as is obtainable. This method was particularly interesting to those delegates from districts which are liable to draught.

Round the corner from the main building was to be found the dairy herd, where valuable advice was to be obtained on breeding, feeding, and milking. The excellent and steady milk yield of some of these animals was certainly something to be proud of. One buffalo for instance, gave 32,000 lbs. of milk during the past five months. Another phase of particular interest was the early maturity of these good milch animals, beautiful calves being obtained before the animals were three years old. Inside the hall were demonstrations of butter and cheese-making. There also was a specimen of a spineless cactus equally as good as any which Burbank has produced and which the Agricultural College is propagating from a supply unexpectedly discovered in the garden of a bungalow near the Poona race-course.

### Chemical Research.

A trip upstairs to the chemical laboratory showed the facilities offered to all agriculturists for the analytical testing of milk, butter, ghee, flour, oil seeds, soils, and manures, in addition to the methods of ascertaining the presence of poisons in foodstuffs. Coming downstairs again the farmer, who has been waging a losing warfare against plant and insect pests, must have been greatly encouraged by the detailed display of the ways to discover, counteract or prevent damage being done either to fruits, grains or plants.

One of the most interesting of all the sections was perhaps the engineering and physics section, in which not only were all the principles of elementary engineering made very plain and simple and their application to farm life clearly shown, but there were also a host of working models of the gates, stiles and fences suitable for Indian farms, whilst the working of raingauges and barometers were so lucidly explained as to make any farmer confident of being an infallible weather prophet. In addition to all this, there were a host of other operations being conducted, such as boring and cane-crushing and water-lifting, together with a very interesting veterinary demonstration showing the new and very simple methods of nasal drenching and gastro-intestinal lavage for sick animals.

Dr. H. H. Mann, Director of Agriculture, and Dr. W. Burns, Principal of the College undoubtedly demonstrated the absolute necessity of co-operation not only among the cultivators themselves, but also between the Government experts and the cultivators, and if the Exhibition has done nothing else but convince the farmer that Government is eager to help him solve all his difficulties, then it has served its purpose and made itself one of the most important features of the Co-operative Conference.

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## APPENDIX XII.

### Fodder supply especially in Famine Tracts.

(By B. S. Shirolkar Esq. B. A., Mamlatdar, Sindgi, Dist. Bijapur.)

Mr. President and Gentlemen, Fodder which seems to be of little or no value in areas where rainfall is pretty assured, and which does not attract so much attention in good years, is of most vital importance with agriculturists in areas, where the rainfall is scanty and precarious. In times of scarcity even in favourable tracts its importance is felt. It is of great concern with agriculturists in tracts like Sindgi taluka, which so often fall an easy victim to ravages of famine and scarcity. During the last five years, the agriculturists here had to face three years of scarcity and famine. You can well imagine to yourselves their difficulties. Owing to these frequent visitations, fodder has become scarce, and even rich agriculturists had to part with their bullocks on account of the exorbitant cost of their maintenance. I know of instances where bullocks worth Rs. 80 or so were sold for Rs. 10 or so. They had again to purchase bullocks in the next season at high rates. Thus they had to incur double loss on account of their bullocks.

2. Unlike foodgrains, fodder cannot easily be imported from outside on account of difficulties of transport. During the last scarcity, fodder rose abnormally high, although the price of foodgrains remained steady. It is not safe to bring fodder from an outside area, as it is liable to accidents by fire. Such being the case no trader dares to deal in fodder or invest his capital in the bargain. At the critical situation, therefore, the ignorant ryot is at his wits' end and is left without any means to help himself. He must either purchase fodder at high rates by incurring debts and save his bullocks or sell them at nominal prices and again buy them next season. I know of an instance in the year 1919, when fodder was selling Rs. 35 per cart, a rich agriculturist with his 24 or 30 good bullocks had to spend all his profits he realised from cotton in previous years (when cotton brought phenomenal prices) and had to keep all his bullocks engaged in going to and coming from a distance of 30 miles or so in Moglai in carrying fodder.

3. These difficulties are placed here with a view to attract the attention of men of great intellect and experience to this most important and difficult problem with agriculturists. In good years, fodder has no appreciable value; and a lavish use is made thereof. Nearly half the quantity is wasted or uneconomically consumed. Owing to the want of economic foresight, ignorance of the advantages of combined effort, co-operative action and mutual trust, agriculturists are unable to store the minimum quantity of *kudbi* that is necessarily required for use in bad years. On account of factions, which are not rare in these parts, they apprehend danger from incendiarism. Generally therefore even if he gets more quantity of fodder than is required for use, he sells the same at a time when the rate is cheaper with a view to get something out of it. It is a circumstance within the experience of everybody that fodder, even in good years, rises in price in September or October by nearly 50 or 60 per cent., as during these months the bullocks are required to be fed on nutritious fodder, as they have to work hard. He would easily earn this profit, if as he were to keep his stock for at least six months with him. But in practice we see that he does not profit himself by this rise in price. It is of utmost importance that we should help the ignorant ryot to realise this profit to which he is justly entitled. If single-handed he cannot achieve this, he should be made to combine and co-operate with others, and thus make an united effort and try to save and keep the fodder safe, till it brings him good profits. This would convince him that fodder has its own value and *jawari*-growing is not unprofitable. Thereby he would bring more land under *jawari* and the result would be that the cereal would be cheaper. Cheap *jawari* is a boon to all. It lowers the cost of living and everybody would be happier.

4. To turn to the point, even though the rise in prices after six months is certain, still we find that no shrewd trader's attention is directed to this fact. The reasons are

obvious. It is not possible to supply a large tract with fodder in times of scarcity from outside, even though there is railway communication; for the supply must always be limited to the extent the rolling stock is available for the carrying of fodder.

5. Thus therefore, even if the neighbouring districts do good, as in the last season, it is of no practical help to the cultivators in affected tracts to keep their cattle alive. Hence some schemes should be devised whereby the ryot would get fodder locally if possible in his very village, for the use of his plough bullocks at least in times of scarcity or famine.

6. It is with this end in view that when I was a Mamlatdar in this very taluka in 1920, about 22 fodder societies were established under the orders and the guidance of the then Commissioner S. D., Mr. L. J. Mountford. These societies had to face two years of scarcity or famine; still we find that they are with the exception of one all doing well. The original capital in kind with them though small has increased in some cases more than 100 per cent. This shows that they are working on good lines and if proper supervision is exercised and more attention is paid, they can be of use in time of scarcity in supplying fodder locally to agriculturists. The ryots have realised the advantages of these societies. Moreover as practical examples, they have proved their utility. Many villagers were willing to start new societies last year, but again the bad season came in their way. As the crops failed over  $\frac{2}{3}$  of the area of the taluka, no more work could be done.

7. A brief outline of the scheme is, I think, necessary to give a clear idea as to how these societies are run by agriculturists themselves. We select 5 or 7 panchas according to the size of the village; if there be any factions, they are from both the parties. They with the village officers draw up a list of ryots, who have actually grown jawari crops during the year. They are requested to enlist their names as members by paying an entrance fee in kind—say 100 lbs of *kabdi*. Well-to-do and enthusiastic agriculturists are requested to give 100 lbs. or 200 lbs. more as donations to the society. Ryots, who have no fodder, are asked to pay the fee in cash equivalent to the price of 100 lbs. of *kabdi*. The cash thus recovered is utilised for initiatory expenses. Agriculturists, who have grown sufficient *jawari*, are requested to deposit their excess fodder, which would otherwise be wasted by farm servants etc. with the society. A receipt is paid to them giving the details of fodder received from them. A *khata* book and *kird* are also opened and entries are made therein. These are the only registers kept to note the transactions. The fodder is weighed, before it is received by a spring balance (100 lbs.), as generally we find that the *rabi kabdi* is not of uniform length. Then the fodder is stacked in a conspicuous place either in Gaathan, Government waste or Gairan near the village site, so that it is always under the eye of the villagers. The stack is protected by a Babul hedge all round. About 15 toddy baskets filled with earth and an equal number of wide-mouthed earthen jars filled with water are kept near by for use against any accident. The patil is the custodian and the village mahars and walikars watch it. The stacks being considered Government property, there is no danger from incendiarism.

8. The fodder realised by fees and donations is the property of the society itself; that received as deposit belongs to the respective ryot. It is received in harvest time, before the ryot carries it to his house from field, i.e. in April of every year. In September or so, the deposit fodder is sold at the option of the depositor, and the amount realised is paid to him after deducting 10 per cent. as expenses, and his receipt is taken in the *khata*. If a ryot deposits 1000 lbs., it is sold for Rs. 15, market price Rs. 10 at the time of deposit. He must pay Rs.  $\frac{1}{8}$  and he will receive Rs.  $\frac{13}{8}$ . This on a six months' holding will be 70 per cent. profit, which is ample. It is not intended to encourage speculative dealings in *kabdi* and no one is allowed to buy *kabdi* to put in deposit, as he would be obtaining the very profit we wish the ryot himself to obtain. For the first year early return and good profits should be our watchword.

9. One of the objects of the society is to have a sufficient stock of fodder available in every village itself for use in times of scarcity. The fodder of the society (received as fees and donations) is the means to achieve the end. If the next harvest forebodes to be good (this we can clearly see in September), the society should lend its fodder on *Wat* system (on condition of returning the fodder, with interest in kind in next harvest). Every year there is such a demand for fodder and it is generally returned

next harvest with an interest in kind of 40-50 per cent. It is easy in this way yearly automatically raise the quantity. In fact, all these societies we have established in the past have done this. In good years, an attempt should be made to receive fresh quantities from well-to-do agriculturists in times of harvest and added to the existing stock. In this way by proper supervision, judicious management, careful watching and timely changing of the fodder and replacing the same, in a few years (five or six) the society should be able to have on hand its own fodder sufficient for the villagers for at least one or six months.

10. I would respectfully suggest here other schemes for meeting the difficulties of the ryots in this respect. They are:—

- (1) Fodder Insurance Societies on the basis of share capital as in Mahomedan co-operative credit societies in Sind.
- (2) Cattle-feeding Insurance societies.
- (3) Communal cattle-feeding in days of scarcity.

Under (1) the society should buy and store fodder necessary for the village cattle (both for milk and for use in famine). The society may be established for one village or for a group of neighbouring villages. Each member should yearly pay Rs. 5 or 10 for five or six years. The amount thus collected should be yearly used for purchasing fodder in harvest time. In October or so, it should be lent on *Wat* system, on condition that it should be returned next harvest time with interest in kind. In 5 or 6 years there would be a stock of fodder sufficient for at least six months in scarcity for village cattle. The stock should be replenished every year with fresh fodder. Profit after 5 years, got by lending should be distributed among members.

Under (2) the object is to provide fodder for feeding insured plough bullocks or other cattle at an uniform rate—say 25 or 33 per cent. higher than the normal rate—for a period of six months or so in times of scarcity. A reasonable amount should be recovered every year as premium per head of cattle insured. The amount recovered should be used in purchasing fodder in harvest times. It should be increased by lending the same in October or so and again adding to the stock by fresh purchases every year. If the ryot is assured that by paying a small premium per head of cattle every year, he can have in times of scarcity sufficient fodder at a reasonable rate, he would be willing to insure at least a minimum number of bullocks necessary for carrying on his agricultural business.

Under (3) even in years of scarcity it is possible to grow fodder crops by means of irrigation on the side of rivers or *nalas* either by pumping or by *moats*. If a society is established to feed bullocks at such places during scarcity, it would be of great help to ryots. Ryots are unwilling to send their cattle to Malnad during famine, for the climate there does not suit the health of the cattle born on this side. If any such provision is made in every tract, many ryots would take advantage of the same. I think Government if approached, would gladly assist such societies by advancing *tagai* or leasing out lands free of rent or securing lands near riverside on reasonable rental to the society. There would be no difficulty of securing such plots of land in famine area.

11. The activities of the Co-operative and Agricultural Departments have been limited, so far to rich districts like Dharwar, Belgaum and Khandesh. It is time that these departments should stretch a helping hand to ryots in famine areas, where the help is needed so badly. In these tracts the co-operative credit societies are not doing good. They are suffering on account of failure of timely repayment of instalments of loans advanced. These societies have been of no help in times of scarcity. It is therefore necessary that the Co-operative Department should reverse its programme in these areas and try to establish non-credit societies (fodder and grain societies) and try to make them a success. The primary object of founding hospitals is for nursing and curing the sick. So the Agricultural and Co-operative Departments should try to revive the sinking economy in these tracts. For, the poet sayeth

"A bold peasantry, its country's pride,  
"When once destroyed, can never be supplied."

With these few words I beg to conclude.

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