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REPORT
OF THE
CO-OPERATIVE ENQUIRY COMMITTEE

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REPORT

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CO-OPERATIVE ENQUIRY COMMITTEE

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APPENDIX I,

Note by Mr. T. K. Sankara Menon, Superintendent of Economic Survey.

I have completed an economic survey of five villages* in the State; and the results of my investigations show that the co-operative movement has not been developing on safe and satisfactory lines in our rural areas. I may state at the very outset that my observations are based, not so much on a direct and detailed study of the working of the co-operative credit societies in the villages surveyed, as on the first hand information I have gained from the people of the locality concerned (several of whom had direct dealings with the societies), and on the evidence furnished by the statistics of indebtedness collected from the villages.

2. A few relevant figures given in the following table will illustrate how the movement has been able to achieve but little hitherto.

Village	Total indebtedness (all kinds of loans and liabilities combined)	Short-term loans alone	Amount and proportion of short-term loans raised from co-operative credit societies	Amount and proportion of short-term loans raised from joint stock banks, professional money-lenders, private parties etc.
	Rs.	Rs.	Rs.	Rs.
Nayarambalam	5,75,038	1,32,477	2,697 2.04%	1,29,780 97.96%
Anthikad	3,40,679	77,294	5,919 7.66%	71,375 92.34%
Choondal	1,56,504	36,555	1,689 4.62%	34,866 95.38%
Total	10,72,221	2,46,326	10,305 4.18%	2,36,021 95.82%

*These villages are Nayarambalam, representing the coastal tract, Anthikad, typical of the villages in the kole tract, Choondal in the very heart of the paddy and arecanut area and Eruttempati and Pattancheri in Chittur Taluk.

The short-term loans shown in the table include only loans raised on pledges or pronotes, and do not cover hand-loans, shop-debts, etc. And when it is seen that the co-operative credit societies account for only a poor 4.2 per cent, while Joint Stock Banks, indigenous money-lending concerns and private parties appropriate as much as 95.8 per cent of these short-term loans, it may not be wrong to infer that the co-operative movement has touched but the extreme fringe of the problem which it is intended to solve.

3. It would appear that little or no propaganda-work on proper lines was done at the time when the societies were started or even subsequently.

At any rate, the villagers (including the members of these rural societies) are wholly ignorant of the true ideals and principles of co-operation. To the rural population a co-operative credit society is but a Joint Stock Bank with another name, and their transactions with the societies have been regulated accordingly. The villagers found a new and facile source of credit in these societies and as many of them as could manage to secure loans readily did so. The rural population, as a rule, seem to be firm adherents of the maxim "sufficient unto the day is the evil thereof". The tendency to tide over the day's trials by reckless borrowing without a thought for the morrow and without means or plan for repayment, is seen to be widely prevalent in rural areas. The returns of indebtedness show that the same family has raised loans from Banks, co-operative societies and private parties. For this reason, the co-operative movement cannot be regarded as having contributed to the reduction of rural indebtedness to any perceptible extent. Indeed, it is even to be feared that the economic condition of the members of credit societies has, to some extent at least, deteriorated as a result of the facile credit.

In the course of my investigations I was not able to find any tangible evidence to show that the operations of credit societies have perceptibly enhanced the earning capacity of the members or instilled into them a sense of self-reliance through mutual help. And if we are to measure the usefulness of credit societies by what they have done to reduce the indebtedness of the members, to increase their earning capacity and assets, and, above all, to promote self-reliance through mutual help, we may have to admit that our rural credit societies have been only of little use.

4. The last two columns of the table given in paragraph 2 above will show that professional money-lenders have had as yet nothing to fear from the co-operative movement and that their business has not suffered because of the working of credit societies. The very large increase of recent years in the number of joint stock and private limited banks all over the State, point in the same direction. Money-lenders do not appear to entertain any hostility to the co-operative movement, apparently because they are ignorant of its true aims and immense potentialities. Indeed, instead of any hostility, we find very cordial relations existing between credit societies and banks. Thus professional money-lenders are not only members of credit societies, but they often get themselves elected as office-bearers. In one instance I found that the President of a credit society was himself one of the richest money-lenders of the locality. And yet no one views it as inconsistent or incongruous.

Co-operators point out that professional money-lenders have been compelled to reduce their rate of interest as a result of the movement. This is to some extent true, particularly of those localities where credit societies exist. But does the average villager derive any advantage therefrom? The average villager seems to be a born defaulter in money transactions, and the penalties for defaults are heavy enough to make up for any reduction in the rate of interest.

5. The attitude of the rural population towards the co-operative movement is seen to be generally one of indifference, but in one of the villages surveyed (Pattancheri in Chittur Taluk) a difference was noticed. Many complaints are made against the credit society at Pattancheri, and some are even of opinion that the society was a positive evil and that it caused much hardship to poor and honest folk. Several ignorant and illiterate members

complained that they were not given receipts for the amounts they remitted in repayment of the loans they had taken. Nor were these amounts entered in the accounts. Subsequently decrees for the original amounts borrowed together with interest, penalty, etc., were secured against them. Such is the version given by several aggrieved villagers. There seems to have been a good deal of bungling or mismanagement in the past; and the new committee have not been able to restore confidence.

Several specific instances of serious hardship and loss caused to members of credit societies at Pattancheri and elsewhere have been brought to my notice. They are unfortunately to be attributed to the indifference, irresponsibility and at times, even to the dishonesty of the management concerned, all leading to the unbusinesslike and inefficient conduct of the societies' affairs. And, if such abuses are to be checked, it seems not only desirable but highly necessary that the co-operative department should supervise the activities of these societies more frequently and in greater detail, and wield drastic powers to bring all delinquents to book, at least until the people themselves are sufficiently educated in the principles and methods of co-operation. It is indeed an irony of fate that the poor villagers who stand most in need of the help of the co-operative movement are too ignorant to be able to organise or run a society for themselves, and have therefore to depend on their moneyed neighbours for its management. Naturally the latter are not much interested in the well-being of the society and often allow selfish considerations to influence their conduct. Hence the necessity for strict departmental control.

6. While the co-operative movement has been discredited at Pattancheri and the credit society in the village has become unpopular, the same village furnishes reliable proof to show that the necessity for co-operative institutions organised on proper lines is keenly and urgently felt in the whole locality. The poor ryots and labourers in all rural areas are in the habit of raising loans in kind—they are almost always paddy loans—from their land-lords or rich neighbours during slack seasons. The loan is to be returned at the next harvest (in 3 to 4 months' time) with an interest which ranges from 20 to 50 per cent for the short period (80 to 200 per cent per annum!) And be it noted that these loans are, as a rule regularly repaid. There is another kind of loan called the "six months' loan", widely prevalent among the poor at Pattancheri. During the slack season in the month of Karkadagam, enterprising money lenders go from door to door, offering small money-loans to the poor ryots and poorer labourers. The offer is accepted readily by many, because the temptation is too strong and the poor people have no cash with them at the time. The amount is to be returned six months later. From each rupee lent, a commission of one anna is deducted on the spot, and a sum of Re. 1-8-0 has to be returned at the end of the period. In other words the poor people have to pay an interest of 120 per cent per annum! And, what is more, the creditor incurs no risk of loss in these transactions, for he is at perfect liberty to take possession of the cattle, poultry or other belongings of the defaulter, the neighbours desisting from all interference with the creditor's high-handedness in taking the law into his own hands.

Paddy-creditors and six-months-terrors are not the monopoly of Pattancheri. They or their counterparts exist in all villages. And it is obvious that a well-organised co-operative society started to help the villagers, particularly during the slack seasons of the year, will be of invaluable service to them.

7. In the economic life of the villages, it is not the needy borrower alone that has to suffer as shown above. The absence of a safe and easily accessible repository for the small economies of the poorer classes of the rural population has been causing real hardship and loss to the thrifty labourer also. At Pattancheri I noticed more than one instance of the kind. An old and frugal tapper of jaggery toddy who had saved as much as Rs. 150 (more than a life's fortune to a man of his position) by practising rigid economy and subscribing to a local chit, lent the amount to a rich neighbour, because he could find no better or safer way for investing his fortune. The neighbour became insolvent and the tapper lost every pie. An elderly Muslim widow of the labouring class with two little children to look after, living a miserable hovel, had managed to scrape together Rs. 100 during her husband's life-time. The amount was lent to an apparently well-to-do Muslim neighbour. The latter is now a bankrupt and the helpless woman has been reduced to beggary. These are not, by any means, isolated instances, but bad investments seem to be common in rural areas, particularly among the poorer classes. Here too, the co-operative movement has to bring succour to the suffering population of the villages.

8. In none of the villages hitherto surveyed, could I find a single instance of a credit society striving to attain the ideal of the movement by expanding into a multiple-purpose society, engaged in co-operative production and distribution. The scope for such expansion is unlimited in the rural areas. Thus, in the sphere of agriculture, an ideal field for co-operative cultivation is to be seen in the kole lands of Trichur Taluk. For various reasons such as the silting up of the irrigation channels resulting in water scarcity, the kole lands have deteriorated and their yield has decreased; and with the low price of paddy now current, kole cultivation has ceased to be profitable. The lands are parcelled out into many small holdings among proprietors and tenants for purposes of cultivation, because the initial expenditure involved in the pumping out of water from the whole area and the repair and maintenance of bunds, etc., is too big an item to be met by any one cultivator or even by a few combined. And yet, instead of joining together and undertaking the whole work on a co-operative basis, the cultivators engage a contractor who agrees to pump out the water and maintain the bunds for a stipulated amount. And the contractor who receives his payment in advance is perhaps the only person who stands to gain anything from kole cultivation as carried on at present. It will undoubtedly be to the advantage of the ryots if they displace the contractor and undertake his functions on a co-operative basis.

The process of fragmentation of holdings through partition of family properties and other reasons is incessantly at work in the villages, so much so, that the number of holdings that are too small to be economical is ever on the increase. A remedy for this evil too, is to be sought for in the co-operative movement.

9. The marketing of paddy and of other similar agricultural products will admit of much reform at the hands of co-operative societies. Most of the ryots are so poor that they have to sell the produce as soon as it is available. The market rate immediately after the harvest is the lowest and therefore the ryots secure only the lowest price. The societies may meet the immediate requirements of the ryots and yet postpone the sale of the produce for two or three months, so that a higher price may be obtained.

10. In the sphere of industries also, there is much scope for the development of non-credit co-operation in villages. There is, for instance, the

coir-industry which is the main-stay of the poorer classes in the coastal tract of the State. By far the largest quantity of coir-yarn manufactured in the State is produced on a cottage industry basis. The poor labourer purchases a couple of annas' worth of retted husks when he returns home after his day's toil. All the members of the family devote their spare hours to the manufacture of coir yarn from the husks. The yarn is then sold to the petty shop-keeper from whom the family buys its daily necessaries. When a sufficient quantity is accumulated, this shop-keeper sells it to a local coir-dealer and the latter disposes of the yarn thus collected and stocked to a coir merchant at Mattancheri, who again has to approach some of the exporting firms in British Cochín. It will be clear from this account that the labourer who actually produces the yarn will get but a poor return for his labour, the price he receives being far below the market rate, because there are so many greedy middlemen to share the profit. There are labourers (almost invariably women) employed on wage system by local coir-dealers for spinning coir-yarn. But these labourers too do not fare much better, for an adult woman gets only an anna on the average for ten to twelve hours' spinning!

If the manufacture and marketing of coir-yarn are organised on a co-operative basis, so that the middle-men might be eliminated, the economic condition of those engaged in the industry must improve much.

11. The arecanut industry holds a prominent place among industries in the northern taluks of the State. Talappalli Taluk in particular is the centre of this industry and Ottupara (near Vadakkancheri) is the most important arecanut market in the State, where agents or brokers from the Tamil districts of the Madras Presidency make large purchases on every market day during the arecanut season.

The arecanut gardens are owned by petty landholders who cultivate the palm, irrigate the gardens during the rainless season (for more than six months in the year,) fight the pests which attack the tender nuts and thus produce the raw materials for the industry. The raw nuts are purchased by small dealers who separate the kernel from the husks, slice, boil and season it and thus make it ready for the market. Most of these dealers have no capital with them and hence to run the business they generally raise loans which bear interest at the rate of 30 per cent or more (a rate high enough to eat away their profits.) When the finished product is taken to the Ottupara market which is the only place where arecanut dealers, living within a radius of 10 to 12 miles, can readily dispose of their goods, the price obtained is often less than the cost of production, because the market rate is arbitrarily fixed by the agents and brokers, the producer having no voice at all in the matter. He is helpless and cannot afford to take his goods back with him because of the cart-hire, market tolls, dues &c. which he has already paid and because of his pressing need for money. If the arecanut dealers organise themselves and production and more particularly marketing are undertaken on a co-operative basis, their income from this trade will undoubtedly be much higher than at present.

12. In certain villages in Chittur Taluk adjoining Coimbatore district, a few ryots whose lands have sufficient irrigation facilities have recently taken to the cultivation of sugar-cane, because it is found to be four to five times as profitable as the cultivation of paddy. But they have no local equipment for the extraction of juice from the canes or for the manufacture of sugar, refined or unrefined. During the harvest season, therefore, they have to summon help from Pollachi (in Coimbatore district) from where owners of portable 'chucks' (mills worked by oxen) arrive, fill their purses

in a short time at the cost of our ryots and return home. The ryots have to supply the oxen for working the mills, and pay heavily for the transport of these mills from Pollachi and back. The Pollachi experts' charges for the extraction of juice from the cane and for the manufacture of Sarkara (un-refined sugar) are also very high. A non-credit society owning the necessary equipment is certain to bring more profits to the ryots and popularise the cultivation of sugar-cane.

13. There are numerous cottage industries which form the chief means of support of a considerable proportion of our rural population. Some of the more important of them are the weaving of cotton cloth (particularly of certain special varieties), the manufacture of mats from sedge grass, screw-pine leaves and bamboos, basket-making, bell-metal works, and the manufacture of jaggery from toddy drawn from the cocoanut, palmyra and sago palms. These industries also stand in urgent need of organisation and development on a co-operative basis, if they are not to disappear altogether in the face of the ever-growing competition from factory industries. The methods of marketing, in particular, followed by the cottage-workers, are so defective that the producer often gets but 50 to 75 per cent of the price paid by *local* consumers, the difference being pocketed by enterprising middlemen. The following paragraph from Chapter VIII—Occupation—Part II—Industries, etc., (pages 151—163,) of the latest Census Report of Cochin, refers to the helpless condition of the cottage-worker in the villages and suggests a possible remedy for the existing evils:—

' We have seen how there is a tendency on the part of industries in Cochin to get organised on modern factory lines. It is remarkable that, in spite of this tendency, the State is in 'substantial possession' of its cottage industries, even though cheap machine-made goods are everywhere available. More than 80 per cent of those engaged in industries as earners and working dependants are pursuing them on a domestic basis. In paragraph 32 above, it was stated that the artisan weaver was supreme in the manufacture of certain special varieties of cloth favoured by the locality. It is such specialised products that have kept them going in the face of competition. At the same time, competition is leaving its mark on the earning capacity of the unorganised cottage workers. A two-fold remedy suggests itself for the removal of the defects of the present situation. It is education and organisation. The artisans have to be trained in the use of improved tools and methods and sub-division of processes, so that their technical skill may improve. Further, they have also to be taught to be business-like. This cannot but lead to enhanced efficiency, cheap production and increased demand. If new markets for the various products are also captured through advertisement, the cottage industries will be assured of a bright future. The Industrial Exhibitions held by the Government at regular intervals in different centres have been of some assistance in this connection. But the real solution for the problem lies in the organisation of Industrial Co-operative Societies for the production and sale of the artisans' products. An individual debt-ridden artisan is helpless, and if he is left to himself, he can only move in a vicious circle and be exploited by enterprising middlemen. It is here that the help of the Co-operative Societies is required. In the initial stages the opening of Government stores for the sale of cottage industry products, may also be of considerable use. The results achieved by such stores in some of the Indian States like Mysore and Hyderabad are encouraging. A store may be organised here also. Even if this involves some risk in the early stages, it is justifiable in view of the supreme importance of the whole question relating to the economic progress and well-being of the artisan classes.'

14. From what I have seen of the life in our villages in the course of my investigations I feel convinced that the co-operative movement, developed and worked on useful lines, has to play the chief role in the redemption of the rural population from their present most miserable plight, and that the proper organisation and efficient working of multiple-purpose societies catering for all the economic needs of the villager, should be one of the first steps to be taken in the economic reconstruction of our villages.

T. K. SANKARA MENON,

APPENDIX II.

Note

(On Bhavnagar scheme of Agricultural Debt Redemption).

The Bhavnagar Agricultural Debt Redemption Scheme is appended to the Report on the operations of the Scheme published under the caption "Redemption of Agricultural Indebtedness in Bhavnagar State."

For a full and complete understanding of the Scheme, the reader will please refer to the above publication.

But to indicate briefly the nature of the Scheme it may be stated that this was a Scheme, depending for its success upon the voluntary co-operation of the Sowcars and the Kheduts; and rule 1 of the Scheme provided that the Scheme would be applied in a big compact area, such as a Mahal or Tappa, where a majority of both the cultivators and Sowcars were prepared to settle up their accounts according to the terms and conditions laid down in the Scheme. Further, the scope of the Scheme covered all the customers of the same creditor and all the creditors of the same debtor. Again, as the redemption loan was to be advanced by the Darbar on behalf of the indebted Khedut and then recovered from him, though of course, by easy instalments, the amount of such loan had necessarily to be limited according to the capacity and solvency of the Khedut concerned.

So according to the Scheme, the amount paid in composition was to be governed by a twofold limitation, viz:—

- (1) It should not exceed a sum equal to three times the annual amount of assessment payable by the debtor Khatedar. (Registered Holder).
- (2) The total amount paid on account of a particular Tappa should not exceed four annas ($\frac{1}{4}$ th) of the total nominal outstanding debts of the Kheduts of that Tappa.

In spite of the amount paid in composition being greatly reduced by these inherent limitations, it was seen that the creditor under the Scheme was able to recover, if not the whole of his outstanding arrears, a reasonable portion of the original principal together with a moderate rate of interest. If a similar scheme of composition be adopted elsewhere, the creditors may, at first be seen to be a little chary of availing themselves of its benefits. But they would readily fall in, after a little persuasion and propaganda enabling them to realize that they would be able to recover in cash and at one stroke, far more under the Scheme than they, if left to their own devices, could otherwise hope to collect in a number of years from their Khedut customers suffering from chronic indebtedness.

But one may safely assume that, after all, the creditors would not require much persuasion to accept composition in these times when the margin of agricultural profits, from which the indebted Khedut could hope to make repayment towards accumulated arrears, is greatly reduced, owing to the unprecedented slump in prices especially in those of agricultural commodities.

Further, one would think that the urgent need of debt-redemption in the case of the agriculturists was hardly an arguable point. Indeed everybody seems to admit the grave and menacing nature of the problem; and this makes

still more surprising the ostrich-like attitude too often adopted towards it. But as the Royal Commission on Agriculture forcibly put it, "the worst policy towards debt was to ignore it and do nothing". The Indian Central Banking Inquiry Committee, as a result of its elaborate investigations formed the deliberate opinion that the problem of debt redemption is one "of supreme importance from the point of the economic prosperity of the country as well as for the purpose of stemming the growth of discontent among a large section of the population." Even political discontent in the country can be mainly traced to economic condition of the rural population. As the Chairman of the Bhavnagar Committee, Diwan Bahadur Tribhuvandas, puts it:—

"But I feel that the recent movement in politics has its origin in chronic indebtedness of the agricultural classes and their rack-renting by the superior holders to be met everywhere. Any person can satisfy himself by visiting a village and examining the conditions of the poor classes. It is no wonder that political extremists easily find this a fertile field for their exploitation. It is, therefore, for the Several Administrations to try to remove these possibilities, by adopting all available means for the amelioration of the conditions of these classes. Our efforts are distinctly directed to this end, though we are no propagandists, but silent workers in our own way and in our own spheres".

Unless therefore, the economic rehabilitation of the village cultivator is achieved betimes, the position which is grave and menacing enough in all conscience, will continue to worsen and ultimately might precipitate a country-wide cataclysmic disaster far more serious than any artificial political agitation, however violent and unscrupulous, could ever bring about. The only way to a peaceful administration lies through economic contentment; and relief of the burden of past debts of the village Kheduts—the backbone of the country—is the first and essential step in that direction.

But in spite of there being such an overwhelming case for undertaking redemption of agricultural debt, one finds that the problem is shelved and shirked and only a nonpossumus attitude is adopted towards this question. The explanation of this curious phenomenon is perhaps to be found in the following passage taken from a letter of Sir P. D. Pattani to the well-known co-operator and public worker, Mr. Devadhar, in reply to a letter of his inquiring about the Bhavnagar Scheme:—

"I am no psycho-analyst; but it is no uncommon experience to find that when one is either unable or unwilling to do a thing, which is otherwise worth doing, one does not always confess one's inability, but by a curious psychological process, one is often apt to deceive one's self into the belief that the thing is after all not worth doing at all or the time is not opportune for doing it. At times, I feel that a similar mental process, though not distinctly recognised, is behind the nonpossumus attitude adopted towards the problem of rural debt-redemption. While the sub-conscious mind admits the necessity of debt-redemption, the conscious mind is frightened by the seeming impossibility of the task and proceeds to justify to itself its attitude of inaction and hesitancy either by denying the problem or belittling its seriousness or again by conjuring up a picture of the same conditions being reproduced in a few years after the old debts have been once redeemed".

Another result of not going to the heart of the problem and only keeping beating about the bush is to get side-tracked in sponsoring schemes of

cheap and easy credit forgetting the heritage of old debts from the past. So where in total disregard of past indebtedness, attempts are made to unduly push forward co-operative banks or other schemes intended to provide easy credit, they have not attained the measure of success expected, if indeed they have not totally failed. An alternative scheme of providing necessary credit can have only a fair chance of success, after the problem of old debts has been successfully tackled once and for all. For, while this dead-weight hangs like a mill-stone round the Khedut's neck, it is impossible he can have any interest in his work, and if he were less fatalistic and conservative than he is, he would not have been able to carry on as he has up till now. But if he has carried on, it is only as a listless and indifferent cultivator, who has no heart in his business.

As a newspaper writer, analysing the Khedut's reaction to indebtedness, says:—

“Agriculture suffers because, after all the human factor cannot be regarded as negligible and we cannot expect much from the labour and enthusiasm of an agriculturist round whose neck hangs the huge mill-stone of old debts”. This view is further reinforced by the sense of relief experienced by the redeemed Kheduts. As Sir Prabhashankar wrote to a friend in reply to an inquiry received about the Scheme, “another favourable result noticed in the areas that have come under the operation of the Scheme is that where formerly the Khedut was a mere listless and indifferent cultivator owing to the ever-present fear of his creditor attaching his harvested crops, he is now seen to put more heart and industry in his work owing to the sense of greater security and relief brought about by the removal of the burden of past debts.”

The above, in brief, furnishes the *raison d'être* of the Scheme adopted by Bhavnagar.

It must be admitted that friendly critics have not been wanting who have felt and expressed their honest doubts regarding the uncertainty of the future even after wholesale redemption was once effected. Of course it will be fool-hardy to make any accurate forecast regarding the future.

Our experience in Bhavnagar is of far too short a duration to base any generalizations upon. But the very fact that the Khedut is free from the load of old debts, should improve his credit and enable him to obtain advances on easier terms, should he require them.

As stated before, the money-lender cannot be altogether replaced. Diwan Bahadur Tribhuvandas, in this connection, remarks in the course of a Council minute dated 15th January 1932, as follows:—

“As far as I understand, it is not our idea to destroy the relation between our Kheduts and their money-lenders, indispensable as they are in a village community. What we aim at, is to remove the present conditions and to restore the pristine purity of those relations. I would not mind, if our Kheduts incur productive debts even at 12 per cent interest. That will not kill the goose. But we know these conditions do not exist at present between them, and the present unproductive debts of our Kheduts are accumulations of ages of principal and the exorbitant rates of interest and commission charged thereon. The whole class is involved therein beyond redemption and by our measures we desire to extricate them from their present embarrassments. The Khedut Relief Act, we have passed, would

control the rates. But the object of redemption of these debts by Darbar loans is to lighten the burden of the past unproductive debts. Once this burden is removed, I believe, it would be possible to have the old relations re-established. The capacity of the Kheduts, to repay the loan with reasonable interest would increase, and this condition would naturally reduce the present rigorous terms."

That it was never intended to oust the Sowcar class altogether, would be made still clearer from the following extract from the Report of the Original Committee :—"It is obvious the State cannot replace all the Sowcars nor has the Darbar any intention of doing so. No one acquainted with rural life will grudge to acknowledge the important and useful part the Sowcar once played in the economic-life of the village. At the same time it cannot be denied that of late years both the Sowcar and his Khedut customers have been greatly estranged, and the breach is daily widening. Certainly there is nothing left of the old personal touch and sympathy, which made their mutual relations so happy and useful to both sides. And it is because the Darbar earnestly wish that these old happy relations may be early restored to the mutual benefit of both the Khedut and the Sowcar, that this big experiment has been undertaken of wholesale and simultaneous redemption of all the Kheduts of the State, and surely it is not too much to hope that, with the Kheduts freed from old debts, the Sowcars would resume their old connection with them, charging only moderate rates of interest, and at the same time the old nexus of personal touch and sympathy will be restored".

The Bhavnagar Darbar are carefully watching the after-effects of the wholesale redemption of the Kheduts' debts. So far, there has not been noticed any marked tendency to incur fresh debts, in the redeemed Mahals, although nearly three years and more have elapsed in some cases. But we may grant that a certain percentage of redeemed Kheduts will again relapse in the old condition of indebtedness after a few years. At the same time it is expected that the warning of bitter past experience will in the majority of cases act as an effective deterrent against the Kheduts' repeating their past improvident practices.

But granting that the future is uncertain, that, it is submitted, should not be made an excuse for not undertaking or delaying action, whose necessity is otherwise plainly indicated.

Of course it was never expected that redemption alone would immediately and all at once restore complete economic health to the debt depressed Khedut. But it is an essential and indispensable preliminary if he was to write on a clean slate once again. Besides the redemption proceedings themselves constituted a great education even for the ignorant and illiterate cultivator. The open public examination of the Sowcar's manipulated accounts showing repayment of large amounts several times the original nucleus and yet leaving a large balance of outstandings, was a revelation and an eye-opener even to him. The lesson having been thus burnt in his mind, he would, it is hoped, think twice before getting enmeshed in fresh usurious transactions of this nature. It should be added that Sowcars too are at present chary of lending. But this is only a temporary and passing phase—the necessary reaction to the Redemption proceedings and further I am not sure if such partial shrinkage of credit, far from being a calamity is, after all, not a blessing in disguise; for past experience shows that the ignorant and improvident Khedut cannot be trusted to use well and wisely the provision of too ample and easy credit facilities. These rather tend to his demoralization and aggravate the too facile tendency to run into debts.

All the same, one must concede—and one cannot ever emphasize it—the need for future vigilance and watchfulness lest the good results garnered at so much trouble and expense may be frittered away. All District officers of the State have been asked to miss no opportunity of warning the peasantry against incurring fresh debts recklessly. Efforts are also made to multiply co-operative societies, which are also exploited for seeing that no member of a society borrows loans from outside and every occasion for a loan is also scrutinised by the society Panch. In short, these societies are also made to function in a way as better living societies. Further Village Panchayats are also freely extended, wherever the growth is found to be prepared to a certain extent. The only unfortunate factor, which has prevented the full realisation of the hopes entertained of good results following redemption, is the unprecedented slump in agriculture prices which has greatly reduced the margin of the Kheduts' profits, practically leaving no savings, which again stand in the way of the extension of co-operative credit. Bhavnagar may modestly claim that it has done much. But any one who has a realistic idea of the problem cannot get rid of the feeling that much more still remains to be done, and what is being done to cherish and perpetuate the good achieved is briefly indicated above.

Bhavnagar,

24th January 1935.

(Sd.)

Revenue Commissioner,
Bhavnagar State.

APPENDIX III.

Sree Narayana Dharma Sanghom, Trichur.

1. This is an association of dedicated workers or sanyasins registered in the Trichur Registrar's office in 1103. The workers and institutions have existed now for over 40 years though the association was registered only in 1103.

2. Membership is open to all without distinction of caste who accept the principle of the brotherhood of man and who dedicate their whole life to selfless service. Members are not allowed to have family ties or acquire private property. The present strength is 25 of whom 5 know English. Among these 5, one is a B. A. LL. B. another an M. A. and the third an Englishman.

3. The Sanghom was founded by the late H. H. Sree Narayana Gurudev and has centres of work in Travancore, Cochin and British India.

4. The Sanghom is strictly non-political. It is also non-sectarian. But as its services are meant for the poor and the helpless its activities in Malabar mainly benefit the Depressed Classes and others with similar disabilities. All the institutions of the Sanghom are open to the Depressed Classes.

5. The followers of the late Guru Dev numbering about 20 lakhs were among the Depressed Classes until a few years ago. But as a result of the advancement made in the last generation the Government have ceased to treat them as depressed. During recent centuries in no other part of India has there been such an extensive and permanent mass-awakening and cultural uplift of the down trodden peoples. Our organisation can, therefore, claim to be not only pioneers in this field but also the largest and the most successful effort for the redemption of the Depressed Classes.

6. At present, one of our members, Swami Ananda Theerthan, M. A., is responsible for most of the Harijan work in British Malabar. He is conducting Harijan Hostels in four places giving free boarding, lodging and education to not less than a hundred Harijan boys and girls.

7. In Travancore, exclusively Harijan work, more or less, is done by another member Swami Subhananda who has established in the Mavelikara Taluk over a dozen prayer halls and a few Mutts.

8. In Cochin we are not doing any exclusive work for Harijans for want of funds, but all our institutions are open to them and invariably benefit them. We were, however, willing to start some really good work for them and some years ago the present writer wrote to the then Diwan Mr. T. S. Narayana Ayyar offering his honorary services for organising a department for the protection of the Harijans.

9. We have the following centres of work.

IN COCHIN STATE.

(a) *Trichur*. With a Mutt for workers and free board and lodging for a few boys including Harijans a free medical dispensary for the poor, a free Sanskrit school with 5 classes and 150 students, and associated activities.

(b) *Peringottukara*.—A mutt for workers including free board and lodging for a few boys, a temple open to all classes and a Sanskrit school recently started.

(c) *Ramavarmaapuram*.—(Trichur) A prayer hall opened to all classes and a worker.

- (d) *Pudukad.*—A Mutt and a worker.
 (e) *Trippunittura.*—A Mutt and a worker who is doing extensive medical relief work in diseases of the mind.

IN TRAVANCORE.

- (a) *Varkkala.*—Mutt-temple, English school, weaving school, Sanskrit school, rest house, etc.
 (b) *Alwaye.*—Mutt and Sanskrit high school.
 (c) *Aruvipuram.*—Mutt and temple.
 (d) *Mutiacad.*— do
 (e) *Chempezhanti.*— do and other minor centres.

IN BRITISH INDIA.

- (a) *Madras.*—Mutt and free medical dispensary to the poor (Mambalam).
 (b) *Conjeevaram.*—Ayurvedic hospital and Mutt.
 (c) *Madura.*—Free medical dispensary and Mutt.
 (d) *Thirithala in Malabar.*—Temple, Mutt and school.
 (e) *Cannanore.*—Harijan Hostel.
 (f) *Payyanor.*—(N. Malabar) do
 (g) *Kalliasseri.*—Harijan's Hostel.
 (h) *Etakkat.*—Mutt and other minor centres.

We have also registered a joint stock-company with a capital of one lakh of Rupees to take up the management of charitable institutions and do propaganda. Owing to the present economic condition, no attempt has been made to raise shares.

A few of our members are primarily engaged in lecturing work including magic lantern shows.

There is a proposal to open a home for women workers and a decent house for use with an endowment in cash of Rs. 1,500 has been offered to us by a well-wisher in Trichur. The ways and means of raising more funds and the scope of the work to be done by the Home are under our consideration. In Mavelikara we have already registered a cottage industries scheme on a co-operative basis. It is our idea to start similar co-operative efforts in all our important centres of work and thus combine the spirit of service with co-operative business methods and aims.

We are willing to co-operative in any substantial scheme for the redemption of the Harijans.

Sreenarayanapuram,
 Trichur,
 13th January 1935.

(Sd.)
 SWAMI DHARMA THEERTHAN,
 B. A. LL. B.

APPENDIX IV.

Land Colonisation Scheme for the boys who pass out of Agricultural Schools.

Most of the boys who passed out of the Agricultural Schools in the State were found to idle away their time for want of opportunities to utilise their training. They had neither land nor capital to begin farming. It was found that such a state of affairs, if allowed to continue, will in the course of a few years hamper the progress of agricultural education in the State. To remedy this evil proposals were submitted to Government to grant a few acres of land and to render some financial help to these trained boys so that they may start farming on scientific lines. Government accepted the above proposals and sanctioned the assignment of 300 acres of land at Koni, subject to the following conditions:—

(1) The area of 300 acres of land lying uncultivated should be parcelled out into ten acre blocks and each student given one block of 10 acres for purposes of cultivation.

(2) The land will be granted only to students who have passed out of the Agricultural Schools in the State after successfully completing their period of training.

(3) The tenant should live on the land assigned and carry on farming on scientific lines under the guidance and supervision of the Agricultural Officer in charge of the Pepper Farm, Koni.

(4) The tenant will, on application, be granted a loan not exceeding Rs. 500 under the provision of the Land Improvement and Agricultural Loan Regulation and the rules issued thereunder on the recommendation of the officer in charge of the farm, to be utilised for the purchase of seeds, manures, implements, etc. The loan will, however, be repayable in ten equal instalments, the first of which, will fall due at the end of three years from the date of disbursement of the loan. The officer in charge will see that the money is spent on the farm itself.

(5) The timber, other than royal trees standing on the land can be used by the grantee for the construction of buildings, etc., on his plot, on condition that the Government have a lien on the buildings.

(6) The grantee should bring under cultivation two acres by the end of the first year, three acres in the second, five acres in the third, seven acres in the fourth and the entire area before the end of the fifth year.

(7) The assignment will first be in the nature of a lease but the land will be assigned to the lessee after the entire amount of the loan advanced is recouped and on payment of 'tharavila' or ground value and assessment to be fixed at the time of such permanent assignment.

(8) The land can be enjoyed free by the lessees during the first two years, but the lessee shall, till the registry is completed, pay annually on the area brought under cultivation an amount calculated more or less as equivalent to the tax leviable on the land under the revised Puduval Rules.

(9) Application for leases should be addressed to the Director of Agriculture and Fisheries who will sanction the leases and through the officer in charge of the Farm, realise the rent and the loan instalments and remit the same to the credit of the Revenue Department.

The scheme has been brought into effect from the beginning of May 1927 and so far lands have been assigned to 24 trained boys all of whom have already cultivated the area assigned to them with crops like paddy, tapioca, coconut, pepper and rubber. From the progress made by them so far, it is hoped that a model agricultural colony of trained farmers will come into being and pave the way for the formation of more such colonies, which will be one of the ways of solving the problem of the educated unemployed in the country.

APPENDIX V.

Jairam Jivraj

Post Box No. 16,
Cochin.

21st January 1935.

My Dear Mr. Devadhar,

In reply to your letter dated 18th instant I have to inform you that this subject is a hard one for an ordinary man to deal with but I can give you ideas which I think will be necessary for improving quality and sales.

1. The growers are bringing raw copra for sale in this and Alleppey market, by which they lose much because the buyers of this particular quality will always be quoting lower prices than what it will be worth if fully dried.

2. *Cocoanuts*.—If I am not wrong, every year the cocoanuts are going down in size, by which bigger quantity of nuts will be required for one candy of copra.

To remedy this it is necessary that Government should give immediate attention to grow trees not exceeding the number required per acre and that the system of cultivation must be enforced by the Government, which alone will give the desired effect. If this is not done I have my own doubts whether this famous industry of Malabar will survive long.

Ginger.—From the report received from Colombo there are encouraging news to the effect that the Ceylon Government has already cultivated the stuff and cultivated samples were sent to London and are much appreciated there; whereas Cochin and Travancore Government are not active enough in the direction of this produce by which the grades when compared to with those found five years ago, are much lower and if proper attention is not given it will come to such a stage that stuff will not meet the grades required for the foreign markets. So it is high-time for the Government to interfere and see that the cultivators pay more attention to this product.

Pepper.—The quality, though depends upon the rainfall, yet there are defects in cultivation also specially this year the quality is much lighter, by which the actual grower is effected and they do not get the right price.

In my letter addressed to the Director of Agriculture, Travancore, I have raised a question whether the Government could not possibly arrange for plantations to yield pepper (to convert same into white pepper) because this year the price of white pepper is double than that of black and as such a special attention is necessary.

Turmeric.—Cochin and Travancore were big suppliers of Turmeric and in the recent years the price of this commodity was so low that it was really neglected; but this year Malabar Fingers are required in New York at 50 to 60 per cent over the price of Madras and Bombay Fingers. So the cultivation of this commodity should receive the attention of the Government.

Coir and Coir Yarn.—I am not fully acquainted with these commodities and my information is that this industry requires the attention of the department concerned.

In General.—There are many commodities which are suitable for Malabar at present, which are coming from Singapore, which can be grown in Malabar.

Colombo Copra and Oil.—Duty on these.

	Beginning Rs.	Then reduced Rs.	Now Rs.
Copra	70—0—0	67—8—0	50
Oil	40—0—0	36—0—0	24

} per ton 20 cwts.

From the above figures you will see that there is a bar on Colombo Copra and Oil and even with this a very big quantity of Copra and Oil is imported into India which is due to the facilities granted by the Ceylon Government to cultivators, which enables them to sell copra and oil cheaper than Indian prices.

Now-a-days while barren countries are bent upon cultivating various kinds of seeds, grains, etc., I am sorry I have to remark that our country, to my mind, is neglected of its existing cultivation, for which the Government should take immediate steps.

Yours sincerely,

(Sd.)

JAIRAM JIVRAJ.

To

Mr. G. K. Devadhar, Esq., M. A., C. I. E.,
President, Servants of India Society, Poona.

APPENDIX VI.

G. Srinivasaraghavachariar,
Retired Deputy Collector

43 Annavasal Street,
Mannargudi,
Tanjore District,
17-1-1935.

Dear Sir,

Your kind favour of the 13th to hand. I am glad to find that you are in general agreement with my views. I would however like to have your detailed and enlightened criticisms of my article.

To be candid, I must say that the co-operative movement has, so far, nothing to its credit both by way of positive and negative good results, unless it be for the revelations of the defects and pitfalls which are to be avoided for a successful working of the movement. As a result of the several mistakes of omission and commission too well known to co-operators for which the Government and the non-official co-operators, in their difference of opinion, have yet to find suitable remedies, the rural credit movement in particular has come to a standstill in many places and becomes discredited in others, even to the extent of scaring away the depositing public. And nothing short of a strong, thorough and intelligent, change of policy on something like the lines already indicated by me can, in my humble opinion, avert the present catastrophe.

As was stated by me already, co-operation, unless it is steadily and intelligently applied to agriculture and industries, can do no good. The working and direction of the movement should therefore be entrusted from the top to the bottom to a single set of officers competent to give advice to the ryot on these matters and also able to catch his ear. I need hardly say that these officers should begin their work anew and with persons, though they may be a few, who have saving capacity but not with those who have no margin of income as was done in the past. For the co-operative movement to yield the fruits which can be expected of it, the state should also reduce its land burdens to make agriculture a paying concern even under the worst conditions and also help the ryot in all possible ways in the direction of finding out suitable subsidiary occupations by means of grants-in-aid where necessary. Co-operation can succeed only under these conditions and I hope you will be able to give a suitable lead to it in the State with which you are now connected, to serve as an example for others to follow. I have no other alternatives to the co-operative movement to suggest.

With the kind regards,

I remain,

Yours sincerely,

G. SRINIVASARAGHAVACHARIAR,
Retired Deputy Collector.

To

Mr. G. K. Devadhar, Esq., M. A., C. I. E.

APPENDIX VII.

Elaya Raja's Palace,
Trippunittura,
18th January 1935.

From

E. Krishna Menon,
Cashier to H. H. the Elaya Raja of Cochin.

To

The President,
Servants of India Society.

Sir,

Your letter dated 13th January 1935 was presented to His Highness the Elaya Raja and I am directed to communicate to you His Highness' opinion as follows:—

1. Co-operation is necessary for success in all undertakings and professions, such as agriculture, industry and commerce. As Malabar is chiefly an agricultural country, co-operative societies are to be introduced in rural parts to advance the interests of peasants in the following ways.

2. They should buy paddy and other grains at a low price during the harvest seasons and convert a portion of them into good seeds and keep them ready. They may be sold at a reasonable price or lent at a low interest when they are needed by cultivators especially when their cultivation is damaged by floods or other causes.

3. All tenants are not able to keep draft animals owing to the scarcity of grazing ground in their neighbourhood. So they are forced to hire them on a high payment. This disadvantage may be removed if the societies maintain them and rent them on a low payment; for the societies will be able to keep the animals without loss by purchasing grassy lands in the hilly parts and sending the animals there for feeding purposes and bringing them back when needed by cultivators for ploughing.

4. The ordinary rural cultivators have not even heard of the up-to-date implements used for agricultural purposes in modern times. So, the societies should buy them and lend them to the poor cultivators for various agricultural operations at a nominal rate of interest or rent. By using such improved implements the fertility of the fields will gradually increase and lessen the expenses on tillage.

5. The next fundamental and important thing is manure. Both natural and artificial manures are to be stored and given to the cultivators whenever necessary. By using such manures the produce of the land will considerably increase. Tenants are generally so poor that they may not be able to manure the land in the most scientific way without such help. So far the necessity of the societies is shown in connection with paddy cultivation. The planters of coconuts and other fruits will also require such societies. Now-a-days they borrow money from money lenders at a very high rate of interest to improve

the cultivation of their fruits. So, it will be a great boon for them nay, a real blessing, if the societies lend them money at a low rate of interest.

6. The next business of the society is to fetch the highest price for the produce of the cultivators. Agents are to be employed, on commission basis, to receive the articles of produce and carry them to markets to get the maximum price possible. Then the money realised from the sale is to be given to the tenants taking the freight charge or actual expenses incurred. This process will put a stop to the work of the middle men who buy them at a low price and sell them at a very high price to their benefit.

7. Lastly, the societies are to be very careful in lending money to the poor cultivators and other business people; for many of them are tempted to lead luxurious lives and involve in debt. To remove this evil the societies should not advance money unless they are convinced that it is needed for useful purposes.

With kind regards,

I remain,
Yours sincerely,
E. KRISHNA MENON,
Cashier.

APPENDIX VIII,

A Note on Dr. Patel's Report on Cocoanut Industry in India.

1. We have gone through the report of Dr. Patel on the cocoanut enquiry in India. We are glad to see that an attempt has been made to collate the figures of production, exports and imports of cocoanut produce in India. We however feel that the report has been prepared in a hurry and to judge from the figures of our mill which are seriously mis-stated, we feel that there may be other mistakes also. In paragraph 74 a reference is made to the crushing capacity of our mills at Ernakulam; unfortunately however this has not been correctly appraised by Dr. Patel. We have not only two Jurgen Expellers, each having a crushing capacity of 48 tons of copra per day of 24 hours, but a battery of eight Expellers for second crushing in addition to 27 Hydraulic presses. If we can get sufficient copra, the crushing capacity of our mills is nearly 200 tons of copra per day of 24 hours. Similarly we see that the Buyers' and Shippers' Chamber of Karachi have also pointed out Dr. Patel's error in estimating the crushing capacity of the Bombay and Karachi Mills. We would have been glad to give the correct information had we been asked, and in view of our knowledge of the existence of these mistakes, makes us suspect that there may be other mistakes in the gathering of information.

2. We are glad to see that Dr. Patel has endorsed the opinion that we have expressed for several years, that the import duty levied by the Travancore State on the export of copra is a retrograde step and can only benefit a few oil millers of Travancore at the expense of the cocoanut planters. Since the publication of Dr. Patel's report, the Travancore Government have reduced the tariff valuation on copra and cocoanut oil, but the revised duty is still unlikely to help the grower. We hope that your Committee will urge upon the Travancore Government the necessity to remove the export duty on copra altogether at an early date. We have no doubt that the millers of Travancore will offer a strong protest against such a step, but the interest of the masses must prevail over those of a few millers.

3. In our opinion the export of coconuts in enormous quantities from important producing centres for the purpose of edible or culinary consumption is an economic drain. In view of the fall in the copra prices to figures which perhaps do not leave any margin over the cost of nuts, the quantity exported has greatly increased and is partly responsible for the reduction in the supplies of copra for the purpose of milling. From the figures given by Dr. Patel, we estimate that nearly 150 million nuts are exported annually to all over India from important producing centres. As 6,250 nuts yield a ton of copra, it will be seen that nearly 25,000 tons of copra yielding 15,000 tons of oil and 8,000 tons of oil cake are lost to the industry and the extra value of these finished products is lost to the country. In our opinion it would be definitely to the advantage of the country to discourage this export of nuts by every possible means. We would go to the extent of suggesting that a small export duty be levied on exports of nuts in order to discourage a trade which is economically unsatisfactory for several reasons.

4. Dr. Patel does not sufficiently stress the urgent necessity for the Indian millers to install efficient and modern machinery to get the best results. If the Indian oil milling industry is to stand abreast of the times, it is necessary that it should be equipped with machines that will give the most efficient and economic results. Dr. Patel estimates that 62½ per cent of oil can be extracted out of West Coast copra. This estimate, we may point out, can only refer to the "Ghanis" or "Chekkus". With Expellers it is possible to obtain, and we actually do obtain, on an average 65 per cent of oil out of the same copra. In paragraph 86, Dr. Patel estimates that the West Coast oil mills crush on an average about 1,30,000 tons of copra per annum. At 62½ per cent of extraction this quantity of copra will produce about 81,250 tons of oil, whereas were all these mills fitted up with Expellers, the same quantity of copra would have yielded 3,000 tons of oil more which even at the low rate of Rs. 200 per ton means an economic loss to the country to the tune of 6 lakhs of rupees per annum, which cannot be off-set by any small premium which they may get for the cake.

5. Dr. Patel has endorsed our often expressed opinion that the present import duty on copra and cocoanut oil facilitates the import of oil in preference to that of copra. As millers, we of course support Dr. Patel's recommendation that the duty on a ton of copra should not be more than that on 12 cwts. of oil. It may be observed that the price of copra and cocoanut oil always moves in a definite ratio of about 1: 1.5, i. e., the price of cocoanut oil is as a rule 1½ times that of copra. We attach herewith a statement of the average prices of cocoanut oil and copra at Cochin from 1927 and it will be observed that this ratio is regularly maintained within a narrow range of fluctuations. On the other hand the tariff valuations of copra and cocoanut from the year 1927 which are attached herewith bear no such ratio to each other whatsoever and are therefore presumably arrived at arbitrarily. Of course Dr. Patel's recommendation that the duty on 12 cwts. of cocoanut oil should be higher by Rs. 12—12—0 over that on 1 ton of copra would be welcomed by all millers as it would definitely encourage the import of copra in preference to that of oil. It must however be borne in mind that this recommendation is based on the fact that the present freights, from the West Coast ports to Bombay, Karachi, Calcutta and Rangoon are higher than those from Ceylon to Indian ports. If the Indian shipping Companies can be induced to reduce their freights so as to bring them in line with the freights from Ceylon, the difference of Rs. 12—12—0 that Dr. Patel suggests would of course be reduced. We ourselves are however of the opinion that if the tariff valuations on copra and cocoanut oil are fixed on a definite ratio of 1: 1.5 between these two commodities respectively, and that a duty of 20% is fixed for copra and 30% for oil, accordingly, both the Indian milling industry as well as the grower would be protected as it should lead to a substantial reduction in the import of cocoanut oil from Ceylon and at the same time keep the rate of copra constant. This method of assessing duty would be fairer to all the interests concerned in the long run than the one suggested by Dr. Patel.

6. Dr. Patel confirms our belief that there has been deterioration in the yield and quality of the Indian copra due to neglect and overcrowding of the plantations. The number of seedlings per acre on the West Coast varies from 55 to 100 with the result that an Indian cocoanut tree yields 20 nuts per tree whereas in Ceylon (according to the "Survey of Oil Seeds and Vegetable Oils", Vol. II issued by the Imperial Marketing Board), the

number of trees to an acre of land varies between 55 to 65 and yields between 60 to 70 nuts per tree. We are firmly of the opinion that if the existing area under coconut plantations in India is properly cultivated, the trees regularly manured, and the overcrowding of planting is avoided, we should be able to obtain the same yield of nuts as in Ceylon and could therefore make ourselves independent of all foreign supplies of either copra, oil or nuts. To achieve this end it would be necessary for the Government to step in. For the States of Cochin and Travancore this is an urgent question as the prosperity of Malabar is largely due to the coconut products and it would be a suicidal step if no effort is made to continue this prosperity. These Governments can help in various ways, the chief amongst which are:—

1. The imparting of correct information about the type of tree to be planted.
 2. The study of pests and methods of guarding against them.
 3. The necessity for periodical manuring of the trees.
 4. Making available to the plantations cheap supplies of manure.
 5. The desirability of weeding out old trees and replacing them with new trees at regular intervals.
 6. Restricting the number of trees per acre.
 7. Reducing the burden on the planter by reduction of land taxes.
 8. Combining number of small holdings into one economic unit.
 9. Arranging for the marketing of the produce through a central body on a co-operative basis,
 - and 10. Generally helping the planter in getting over his difficulty and improving his plantation.
-

APPENDIX IX.

Coimbatore,
3rd November 1934,

Rao Bahadur T. A. Ramalingam Chettiar,
B. A., B. L., M. L. C.

Dear Sir,

Sub:—Reserve Bank of India—Organisation of Agricultural Credit
Department—Memorandum for discussion with Mr. Darling.

Ref:—Your D. O. No. 5373 of 1934, dated 17th September 1934 and
your D. O. No. A. 5373 of 1934, dated 10th October 1934.

I presume that it is not intended that a long note on the position of the ryot and the various stages and purposes for which he requires help should be submitted and all that you want is the several points which may be discussed with Mr. Darling.

In the first place I would suggest 2 amendments to the Act to meet the present position as regards the credit given by the Co-operative Societies. In this Province the Central Banks finance the Primary societies which directly deal with the ryots. So, the finance required for agricultural credit is to pass through Central Banks. Now these Central Banks are not recognized in the Reserve Bank Act and if they want help they have to apply to the Bank through the Provincial Bank. That means, the Central Banks and the Primary Banks will have to pay about one per cent interest for the services rendered by the Provincial Bank and thereby the rate of interest to the ultimate borrower is enhanced. I believe in the original Bill the Central Banks were also recognized. I would suggest the recognition of the Central Banks, at least those approved by the Local Governments concerned for dealing directly with the Reserve Bank.

2. Section 17 of the Act does not allow the grant of cash credit even to the Provincial Bank for the purpose of keeping fluid resources or for other purposes. The Imperial Bank has been allowing cash credit to the Central Banks and the Provincial Bank. I would suggest an amendment to the Act allowing the grant of cash credit to Central Banks and Provincial Banks by the Reserve Bank.

3. The Central Banks and the Provincial Banks are financing the needs not only of short term credit but also intermediate credit up to 5 years. It is a matter to be considered whether the Reserve Bank cannot help by giving credit for terms longer than those mentioned in Section 17 to the Central Banks and Provincial Banks on proper security.

So far as Land Mortgage Banks are concerned such of the debentures as are guaranteed by the Government can be purchased under Section 17 (8) of the Act. I will only suggest that the Central Land Mortgage Bank may be treated as a Provincial Bank. I recognise that it will have no securities which can be negotiated by the Reserve Bank. But with reference to cash credit which I want the Reserve Bank to give, the Central Land Mortgage Bank may be treated as a Provincial Bank.

The Indian Central Banking Enquiry Committee has examined the demands of the Co-operative organisations in Chapter 9 of its report and has given a summary of facilities given for agricultural credit by Great Britain, some of the dominions and the United States of America in pages 186 to 190.

So far as rural credit in India is concerned the main defect is want of organisation. The agriculturist is very poor and is not able to undertake intensive cultivation. First because he cannot afford it and secondly because the holdings are very small. The yield from agriculture is very poor and the general opinion is that agriculture is not a paying proposition as carried on at present. The ryot has work only for a portion of his time and the remaining time is spent idly. So, the problem is one of augmenting his holding, helping him to carry on agriculture intensively by the use of manure, good cattle and machinery where possible and also helping him to carry on secondary occupations to employ his spare time. In addition to all these there is the question of his indebtedness. It may be said that a very large majority of the ryots are heavily indebted and a fairly large portion of them will not be able to pay their debts even if they sell all their lands in the market. So, first some means of moderating and redeeming the ryot from his old debts is one of the chief factors in the problem of rural uplift. In the several rural centres various attempts are being made to help the ryot to adopt improved methods of cultivation and find subsidiary occupations for his spare time and also to help in the marketing of his produce. It cannot be said that a satisfactory solution has been found for the difficulties above-mentioned and that in any place the ryot has been placed in a satisfactory position.

In addition to these, there is the question of the marketing of the agricultural produce and other productions of the country side. It is well known that the handloom weavers in the country parts are in a very poor way and their chief difficulty is marketing. Even for fruits, vegetables, eggs, eri silk cocoons and such other produce there are no facilities for marketing. Under section 54 of the Act the agricultural credit department of the Reserve Bank may undertake a study of these needs and see at what stage credit is required and try to meet it.

I would suggest the Bank undertakes to have a number of Marketing Officers for helping in the marketing of agricultural produce and also for organising the sale of rural handicraft productions.

As under the Act the Bank can only deal with short term credit, I recognise that it will not be possible to meet all the needs. But if an agency is created to study the question and suggest methods of helping, other agencies may be utilised or created to help where the Reserve Bank cannot.

There will be one difficulty felt in the working of Section 17 (4) (d) of the Act as related to the Co-operative Societies. The Loan and Sale Societies (marketing societies) may have produce pledged to them and in their custody. I do not know whether such goods will be covered by the clause. It will be necessary to bring into existence warehouses which will take goods and issue documents of title. It will no doubt be difficult to develop this very much as the factories and commission agents who are dealing in ryots' goods do not charge anything by way of rent or charge only a nominal amount. The warehouses which have to charge for keeping goods in custody and for insuring the goods will not be popular. In the Tirupur Trading Society which is a Co-operative Society mainly for sale of cotton, one of the constant complaints is that the society charges rent and insurance fee whereas, the commission agent does not.

As to the legislation needed for the relief of agricultural debt, I consider that a compulsory conciliation of the debts is necessary if even a fair proportion of the ryots are to be saved. I have myself brought a Bill in the Local Legislative Council providing for the constitution of boards for voluntary conciliation and it is being long delayed and I am not sure that the Government will allow it to be passed. On account of the depression the ryot is not able to meet his demands of interest, not to speak of the principal. The result is a crop of suits and insolvency proceedings and sale of agricultural holdings everywhere. Some Governments have undertaken legislation to fix the maximum rate of interest and the aggregate amount that can be collected by way of interest. In some places, execution of decrees so far as agricultural lands are concerned are put off. In Cochin recently a proposal has been made that the State will intervene and issue debentures in lieu of agricultural debts and have the debt paid in instalments. This will be an excellent arrangement if it can be undertaken.

A suggestion was made in Berar that each ryot should be assured of a minimum holding and only what he has extra should be sold for his debts. This seems attractive provided the ryot can start afresh with a clean slate and financial help necessary for his agricultural needs is given.

Yours sincerely,

APPENDIX X.

Rao Bahadur T. V. Kasturi Ranga Ayyar
(Retired Diwan Peishkar and Acting Diwan of Cochin).

"Krishnadas Nivas"
Thiruvambadi,
18th February 1935.

Dear Mr. Devadhar,

Thank you for your letters of the 1st and 5th insts.

2. I have already expressed to you in the course of our conversation the other day, my views in general as to the lines on which the Co-operative Movement should develop in the State. I do not therefore propose to inflict a long letter on you, as you have already plenty of literature on the subject.

3. I am afraid that in this State, as indeed in other parts of India, too much attention has been paid to the development of the credit side of the Movement. I think that, hereafter, we should pay more attention to what is known as "Constructive Co-operation" or organisation of societies for production and distribution. We should have a network of societies functioning throughout the country to develop our Agricultural and Industrial resources. The function of credit societies should merely be to cater to the financial requirements of those organised for production and distribution. The work requires the concentrated activities of an enthusiastic Head of a Department assisted by a capable band of non-official co-operators. You may suggest to the Government the appointment of a trained and experienced officer to succeed the present incumbent as Registrar of Co-operative Societies.

4. Now, coming to the points specified by you in your letter, I may say at once that an Advisory Board of the type suggested by you may be of some use. But our present Heads of Departments have very little knowledge of the details of the Co-operative Movement. Each moves within his own normal sphere of work, and I doubt very much whether any of them will find time to take an intelligent interest in the Co-operative Movement. I consider that the time has come for the establishment of Land Mortgage Banks. Debt Conciliation Boards, started on a voluntary basis, will, no doubt facilitate much the operations of the Land Mortgage Banks. Both should be treated as parts of one scheme.

Hope you are enjoying good health and with kind regards,

I remain,

Yours sincerely,

(Sd.)

T. V. KASTURI RANGA AYYAR.

G. K. Devadhar Esq., M. A., C. I. E.

(President, Servants of India Society, Poona),

President,

Cochin Co-operative Enquiry Committee,

TRICHUR.

P. S.

Apparently the enclosed paper has been despatched to me by mistake. I, therefore, return it.

APPENDIX XI.

P. J. H. Stent Esq., I. C. S.,
Commissioner,

Nagpur Division,
Nagpur C. P.

D. O. No. 144.

Nagpur,
25th February 1935.

Dear Mr. Devadhar,

Many thanks for your letter of the 11th February. The Board whose working I suggested your studying was that at Seoni which has been working now for some time with considerable success. It is true that a new Debt Conciliation Board is to be established at Multai in Betul district, but the personnel of the Board has not yet been decided and I fear there will be nothing for you to see if you visit Betul about the middle of March. It is intended that the new Board should start work about then. What I would advise again is a visit to Seoni, where Rao Saheb Chandorkar, the Chairman, will, I am sure, be glad to give you any information you require. I enclose a copy of the Government's last printed review on the working of the Debt Conciliation Boards. The next review will probably be published in June or July.

Yours sincerely,

(Sd.)

P. J. H. STENT Esq., I. C. S.,
Commissioner,
Nagpur Division,
Nagpur.

To

G. K. Devadhar Esq., M. A., C. I. E.,
President, Servants of India Society,
POONA.

GOVERNMENT OF THE CENTRAL PROVINCES.

Revenue Department.

REVIEW.

The Debt Conciliation Act was passed in January 1933. It was decided to begin with two boards only in areas where indebtedness was heavy and the chances of settlement were favourable. One board was accordingly established at Khurai in the Saugor district on the 3rd July 1933, and the other at Seoni for the Seoni and Lakhnadon tahsils of the Chhindwara district on the 21st July 1933. Later a third board was established at Balaghat on the 15th February 1934, and a fourth has recently been started at Narsinghpur. Two boards have also started work in Berar this month, one at Mehkar in the Buldana district and the other at Pandharkaoda in the Yeotmal district.

2. It is too early to form any opinion on the working of the last four boards but Government has read with interest the reports for the period ending the 31st March 1934, submitted by the chairmen of the Khurai and Seoni boards. The suggestions made by them for improving the law and procedure are being considered separately and orders will be passed in due course. A brief review summarizing the progress made by the two boards is, however, published for general information.

3. *Khurai Board.*—The board worked for 192 days. The number of applications received was 1,970, involving debts amounting to Rs. 23,82,600. Of these, 178 applications, involving Rs. 1,56,800, were dismissed under section 7 (1) of the Act either in default of the applicants or for non-payment of process-fees or for other minor reasons. 265 applications involving Rs. 3,90,500 were also dismissed under section 14, as no settlement could be arrived at with the creditors. Certificates under section 15 (1) declaring that the creditors had unreasonably refused amicable settlement were issued in 208 cases, involving claims amounting to Rs. 4,08,255. Agreements under section 12 (1) were executed in 498 cases for debts aggregating Rs. 4,40,579. The latter were conciliated for a sum of Rs. 2,39,711, which works out to 54.5 per cent of the demand. 1,042 cases involving Rs. 13,80,000 were pending on the 31st March 1934. Many fresh applications are not now expected. In the settlements of this board the principal has generally been allowed and reduction made in the interest. An instalment does not generally exceed the annual rent paid by the debtor and the total number of instalments does not exceed twenty.

4. *Seoni Board.*—This board worked for 167 days. The number of applications presented was 1,402, involving debts to the amount of Rs. 18,94,700. Of these, 69 applications, involving Rs. 3,18,500, were dismissed under section 7 (1), and 27, involving Rs. 72,800, under section 14. Certificates under section 15 (1) were issued in respect of Rs. 42,800 in 29 cases. Agreements were executed in 317 cases for debts amounting to Rs. 3,59,400. The latter were conciliated for Rs. 2,34,600 or 65 per cent. It is interesting to note that a number of the cases conciliated by this board included mortgage or decretal claims. 989 cases, involving Rs. 11,80,500, were pending at the close of the period under review. There has been a falling off in the number of fresh applications. Easy instalments have been fixed, and, except in a few cases, no interest is to be paid.

5. The boards have not been at work long enough to enable Government to arrive at definite conclusions as to the value of the Act in its present form. It still remains to be seen how the instalments fixed are paid up by debtors and what reactions will follow on the grant of fresh credit to those who have entered into agreements. It has been found, however, that creditors are in many cases apathetic, particularly those whose debts are secured, and who can afford, therefore, to refuse to listen to any compromise. A large number of debtors in the Kburai area is reported to have refrained from applying, owing partly to the impression that the board with its limited powers would be unable to help them effectively and partly to fear of retaliation by creditors and the stoppage of further credit. It has accordingly been suggested in some quarters that no distinction should be made between secured and unsecured debts and that the voluntary principle on which the Act is based should be replaced by one introducing an element of compulsion. Government is not yet prepared to abandon the voluntary principle after so short a trial and would prefer to gain further experience before taking action in this direction.

6. The Governor-in-Council takes this opportunity of recording his gratitude to the non official members of the two boards for the ungrudging way in which they have given their time and energy to this work at considerable personal sacrifice. Government also has noted with appreciation the prompt and efficient manner in which the chairmen, Raj Sahib Thakur Chattra Singh and Rao Sahib N. R. Chandorkar, have conducted the proceedings of the boards.

R. N. BANERJEE,

*Revenue Secretary to Government,
Central Provinces.*

Nagpur,
The 23rd June 1934.

APPENDIX XII.

Rao Sahib C. Matthal.

When I was asked by Mr. I. N. Menon to preside at this public meeting in connection with the annual conference of our Industrial teachers, I gladly accepted the invitation that was so kindly extended to me, not because I possessed the necessary technical knowledge to speak with any authority on questions relating to industrial education, but simply because of the interest I took in this department of educational activity during my tenure as Head of the Department, and the importance that I ascribe to the development of Industrial education in the State as an essential factor in promoting the material well-being of our people. I remember this conference was instituted in my time about seven years ago, and I am gratified to find that it has been continued with unabated enthusiasm providing a much-needed stimulus to our Industrial teachers and a means of rousing public interest in matters connected with industrial education.

The first Industrial school in the State was opened, if I remember right, during the time of the late Mr. Pope, when he was engaged in reorganising the department in the capacity of Special Educational Officer. A separate Industrial Department was created afterwards and the Industrial schools were transferred to that Department. Considerable development and consolidation of work were effected when Mr. Krishna Pisharodi was Superintendent of Industries. When he was later appointed as Comptroller of Accounts, the post of Superintendent of Industries was temporarily abolished as a measure of retrenchment and the Industrial schools came back to the Educational Department when I was the Head of it. Within the limited resources of the department and with the more limited capacity of a layman like myself to deal with industrial problems I tried to do what I could to encourage industrial education, but I had always felt how inadequate was the attention paid by the State to the progress of Industrial education and to the development of Industries in general.

In the matter of Industrial and technical education we have only made a modest beginning, and much of the work was of an experimental nature to be revised in the light of later experience. The only institution that we have as yet which may be said to provide anything in the way of technical education is the Government Trades School where we are now assembled. But the main part of its work is training in rural industries and nearly all our other Industrial schools are of the rural type and are located in villages. Our immediate aim in establishing these schools and later in introducing handicrafts into the curriculum of our literary schools, was not so much to produce skilled artisans as to give an industrial and vocational bias which might act as a corrective of the purely literary character of the instruction that was being imparted in our ordinary schools. It would be a great achievement if by the moulding of our educational system we could remove from the minds of our people the deep-rooted but absurd notion that manual occupation is a debasing thing and that dignified starvation is more respectable than earning an honest livelihood by manual work. I do not know if any country has suffered, as India has, by this prevailing prejudice against manual occupations. We should give ample facilities for handwork in all our schools, and our boys and girls should take as much pride in

manual skill and the ability to turn out useful and beautiful things with their hands as they now do in literary excellence.

We have achieved a gratifying measure of success in spreading literacy among our people and it is now incumbent on the State to divert the attention of the great bulk of the pupils that pass through our schools to agricultural and industrial pursuits whereby they may be enabled to earn their livelihood and the economic condition of our villages improved. The problem is a very complex one and has to be approached from many sides after a careful study of local conditions. The teaching of industrial subjects in schools does not necessarily promote industrial employment. A large proportion of the young people trained in our Industrial schools are seen to make little use of the training they have received at the expense of the State. The trained student may be ever so anxious to practice his art but he finds he is unable to set up for himself and there is no organisation in the village which can utilise his trained skill and give him a living wage in return. The labour payment system of our Industrial schools was devised as a partial solution of this problem. The school canvassed for outside orders in order to provide work for the students who had passed out and who could not secure employment through their own exertions. The school had to come to their help and keep them employed as paid apprentices until they were able to shift for themselves. But however well-intentioned the school authorities might be and solicitous about the welfare of their past students there is a limit to the extent of help they could provide in this manner. In western countries the Co-operative movement has been largely instrumental in the development of village industries on a basis of self-help. But with us the movement has not yet reached that stage. And vigorous propaganda is needed to bring home to the village artisan and agriculturist the potentialities of co-operation in supplying him with cheap capital for the purchase of raw materials and tools, in effecting the sale of his products on advantageous terms, and in helping him to tide over difficult times. The teachers of our State play a conspicuous part in the management of our Co-operative Societies and they will be rendering a great service to our village population by enlarging the scope of usefulness of these societies. I remember we started Co-operative Societies in our schools and gave special training in Co-operation to a number of our teachers in order to instil the principles of Co-operation in the minds of the pupils and to familiarise them with its methods of work.

It is sad to think of the languishing condition of some of the finest of our indigenous industries, such as Grass-mat and Bell-metal, which have evoked the admiration of outsiders by the artistic skill and excellence of workmanship which they display and yet these men live in a chronic state of poverty and debt hardly able to earn a bare livelihood. Of the various industries taught in our industrial schools hand-weaving is for obvious reasons the most popular and the best appreciated. Owing to the universal demand for wearing apparel there is no difficulty for the sale of the woven fabrics. Weaving including spinning, is the best suited for a home industry and can be pursued by men as well as by women. By putting up one or two looms in the house the members of the household can turn to profit the time that they can spare from their ordinary duties. It can provide occupation for agriculturists during their slack seasons so as to serve as a means of supplementing their income, or at any rate they could save part of the money they would otherwise have to spend on clothing. Mat-making is another suitable home industry for poor people. In and about Cranganur, for instance, I often

noticed the poorer classes and especially women taking to the market coarse mats woven by them at home out of screwpine grown in their compounds which they could readily convert into money for purchasing their necessities at the market. If some of our Rural Industrial schools would take up this industry it might be possible to improve it so as to produce mats of a finer quality. I remember deputing Mr. Swaminathan, our present Industrial Inspector to study the refining process in Travancore and after his return he was able to produce some fine specimens out of local screwpine. Crude articles of various kinds are similarly made in many parts of our State from materials like cocoanut fibre, palm leaves, bamboo, and reeds, which are available in abundance. In fact we have a wealth and variety of raw materials in our plains and in our forests for all kinds of cottage Industries. The Convent at Ollur has demonstrated the possibility of silk-rearing and weaving through the enthusiasm and originality of Rev. Fr. Cruz. Bee-keeping is another home industry which has been successfully introduced in our State by Mr. Manalar who was trained at the Y. M. C. A. Rural centres at Marthandom in South Travancore and Ramanathapuram in Coimbatore. I visited both these centres and found that much useful work was being carried on for the improvement of rural industries and for bettering the conditions of Village life. I suggested to the Y. M. C. A. authorities the opening of a similar centre in our State and I daresay they would be glad to do so if they could expect the same support from our Government as they receive now at their other centres of work.

The campaign that Mahatma Gandhi is now inaugurating will no doubt give a powerful impetus to the improvement of village Industries throughout the country. We have paved the way to a certain extent by means of our Rural Industrial schools, by the spread of mass education, and in other ways; so that the conditions are favourable in our State for an onward stride. It should provide a wide field of useful work to some of our educated young men whose un-employment is one of the menacing problems of the day. We have been hearing of educated young men being employed as village guides in Pudukottah, and recently of an attempt on an extensive scale made by a provincial Government in North India for inducing educated young men to take to Industrial avocations. But I have no knowledge of how far these experiments have been successful. I hope our Government and our public men will be prepared to give the necessary lead in a matter that so vitally concerns the general well-being of our State. It is work that may not be attended with glamour but there is no sphere of activity where our men could render greater genuine service to the country. It is often urged against the encouragement of rural industries that they are bound to be displaced by the introduction of large-scale machinery. Even if such a change be inevitable it must take a long time in a country like India; and in the meantime, we have to adjust our economy in relation to existing conditions and tackle the problem of poverty and un-employment that is staring us in the face. Future adjustments necessitated by changing conditions may well be left to posterity. "Sufficient unto the day is the evil thereof". Even in western countries it is now being recognised that the drift of population from the country side to congested urban areas as a result of the large-scale employment of machinery and the centralisation of industrial activities in cities has been productive of many evils, and the cry of "back to the villages" is raised in responsible quarters. We may well pause and deliberate as to the wisdom of allowing the labour conditions of the west to be reproduced in our country. Such factors as the cheapening of electric power and increased facilities of

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communication and transport lend themselves to the development of the country side by the improvement of village industries and the opening of new avenues of work for the village population. By these means also the products of village labour could be more easily conveyed to their markets and better amenities of life provided for the country side.

APPENDIX XIII.

Government Trades School,
Trichur,
31st January 1935.

Dear Sir,

With reference to your letter dated 27th January 1935, I wish to state that I have no objection to your including my small note on 'Artisan Societies' in your appendices to your report, if you think it a presentable one.

My omission of any reference to small co-operative societies attached to Industrial Schools, does not mean that they do not find a place 'in any scheme of an industrial School of the modern times'. The general lines of organisation suggested in that note on 'Artisan Societies', would, I suppose, serve the purposes of ex-students of industrial schools also.

The main defects of the kind of industrial schools they are getting corrected gradually—we are having here and elsewhere are, it seems to me, to be the following :—

- (1) There is no reasonable assurance that after the pupils complete their course they will find appropriate employment. The occupational accommodation available in a locality or localities, has never been taken into consideration in the scheme of such schools.
- (2) The primary aim of such schools, as I conceive it—the provision for scientific training, in better methods and patterns and in the use of up-to-date tools and appliances, to the artisans who are following their hereditary occupations and also for training them to better organise themselves so that they may improve their earning capacity has not succeeded so well as it should. As a result very few hereditary artisans who are following the trades, seek admission into these schools. The ex-students of these schools find themselves in competition with artisans, who though not scientifically trained in modern methods, at least have acquired experience by constant practice.

These defects are more noticeable in trades like, carpentry, smithy, etc., where skill is acquired and perfected by constant practice and graduated exercises, than in other trades like weaving, for example, where skill is easily obtainable. In these latter success depends more upon commercial considerations of marketing, etc., as the products are in direct competition with cheap machine-made goods. The point I wish to emphasise is, that organisations of indifferent workmen, working under Government patronage and encouragement can do more harm than good to the trades concerned.

In these circumstances, I may suggest the following as guiding considerations in the organisation of co-operative societies of ex-students attached to Industrial schools :—

1. In the first instance societies may be organised of trades like weaving where commercial considerations are more important than manual skill.

2. Societies of other trades like carpentry, etc., if organised may not restrict themselves to ex-students. Their membership may be so extended as to include artisans in general.
3. All such societies of ex-students may be organised as a separate institution independent of the schools. But the schools may keep a careful watch on them and supervise their work giving them all necessary help and guidance.
4. In the G. T. School, Trichur there is a system of Provident Fund which finds to the students who leave the school after a full course of training, an amount equal to between forty and fifty rupees, which can be their initial capital. In the other industrial schools there is no system like this and they may have to find their capital by other means.

In other matters the points raised in my general note on artisan societies, will, I hope, be useful to these societies also.

I am sorry in my haste, I could not enlarge upon the points touched upon. This may be used for your personal information. If there is time and if you so desire I can meet you to further explain the note.

Yours sincerely,

(Sd.)

Superintendent,

To

G. K. Devadhar Esquire, M. A., C. I. E.

APPENDIX XIV.

A Note.

On Artisan Societies.

(By V. K. Achyuta Menon, M. A., B. Com., Trichur).

The artisans as a class are illiterate. They are following an individualistic and selfish policy. They have no independence and self-reliance. Mutual distrust is their trade policy. In their struggle for existence, cut-throat competition is the order. They have no faith in the public and the public have no confidence in them. Let an artisan put on the market for sale an article of indisputable quality, and as sure as anything, the purchasing public would not believe him and the poor worker will have to be satisfied with whatever he would get. Sell he must, no matter what the price is. In these circumstances, he is compelled to adjust the quality of the ware to suit the price which he can anticipate from the public. As a result the quality of the cottage industries' products has been deteriorating, and this process has reached a stage when no reliance could be placed on the wares the artisans vend. The picture is gloomy, but it is not hopeless. If they could be convinced of 'fair' returns for their work, things can be made to improve. This 'convincing,' however, is not easy. To get them out of this morass of disorganisation, careful handling of the situation is necessary.

Non-credit Artisan Societies point a way out of this difficulty. Co-operative societies are business propositions; but philanthropic considerations also find a large place in them, at least in this stage of their development in the State. A happy co-ordination of 'business' and 'philanthropy' is, as I conceive it, the problem of non-credit societies here. The artisans cannot be left to themselves, or, they can only fail. This is a stage in the organisation of these societies, when they have to be guided by 'outside sympathisers.' Co-operative mentality has not yet taken root among even the educated public of Cochin. And, I believe, that, for some time to come, the conduct of these societies must be under strict Government control. And here Government cannot be over-careful in the matter of the selection of the person entrusted with the work of supervision. To a great extent success may be said to depend upon the honesty of purpose and ability of this person.

Keeping in view these general observations, I suggest the organisation of two or three model societies in different localities and of artisans belonging to different trades. They have to be considered as experimental societies and their success or failure will have an immediate effect on the development of artisan societies in general.

1. I have suggested Government supervision since that is the best authority to instil confidence among the public and among the artisans themselves.

The managing committee is to be elected from among the members. Government control is to take the form of advising the committee to arrive at workable resolution, the person controlling having, however, power to assert himself when he thinks it in the

best interest of the society. From my small experience, I may state, that this is not very difficult of achievement.

3. There must be a paid secretary. If one could be had from among the members that will be an ideal situation. But it may not be possible and an outsider will have to be engaged for the purpose. He is to attend to the routine work of the society, such as the writing up of the accounts, purchasing of raw materials, etc. At the same time he must initiate the members of the society to such work so that they may become independent of outsiders in course of time.
4. Members of the society, workmen in fact, have to be paid a minimum daily wage.
5. There must be wholesale purchase of raw materials, which only can help to reduce the cost of production.
6. The question of capital is always difficult with these societies, and until they establish credit. Government have to advance capital up to a certain limit or guarantee advances made by other institutions. If this involves in small losses, it will be no real loss to Government, since whatever is lost is for the improvement of the industries of the State and the economic well-being of the poor artisans.
7. It has to be the constant care of the society to see that the articles going out with the society's seal, are of the best quality. That is the surest way to create confidence and increase sales.
8. As far as it is within their power Government must encourage and patronise the articles made by these societies.
9. In the early days of these societies, the profits they make may not be sufficient for the payment to be made to the secretary. In such cases Government will have to find the amount.
10. Canvassing of orders and their timely execution, their marketing, etc., are all details into which I may not enter at present. But these are matters where the secretary has to show his ability.

APPENDIX XV.

Note by Pandit K. P. Karuppan.

Respected Sir,

About 26 years back, i. e., in 1909 A. D. the social atmosphere of the Depressed Classes was so clouded that it was deprived of any light. May I draw your kind attention to the Group Photo recently taken along with you at the Abalasaranam Industrial School, Ernakulam, and there you can see behind you a few of the well-dressed depressed class ladies of that Institution. Till 1909, nobody could have dreamt of seeing a single lady from the Depressed Classes in so decent a dress. You know personally Mr. K. P. Vallon who is the representative of the Depressed Classes in the Cochin Legislative Council. Does he not seem to be a modern Keraleya in his dress and manners? If you had the opportunity to visit Cochin a decade back, I am sure you would not have seen a similar well-dressed gentleman from that community. Such being the conditions in Cochin, you can better imagine the state of things that existed elsewhere in Kerala.

Till 1909, not a single boy from the Depressed Classes was studying in any of the Educational Institutions of the State. As regards their dress, the males wore a small piece of cloth which seldom extended below their knees and were worn until they fell to pieces. The females, as a whole, were half-naked. In certain parts the females used to wear even grass instead of ordinary clothes.

Only one or two individuals, as far as I could know, possessed real houses worth the name. Most of them had their habitations in 'madams', in the close vicinity of the fields. The floor is slightly raised and is generally damp in the rainy seasons.

They were denied the right of walking through public roads. The evils existing in the name of caste were numerous. The Nairs were oppressed by the Nambudiries and the Nambudiries and Nairs combined together to oppress the minor communities, namely the Thiyas, the Arayas, etc., who are backward in education and all these communities, in turn, oppressed the Depressed Classes. A Pulaya has to keep up a distance of 64 feet from a high caste Hindu. Even now, there are many orthodox people in Kerala who are desirous of continuing this convention. I doubt very much whether there was a single individual who, at one time or other, had not suffered the insults or mental degradations at the expense of the caste system. I myself had written a series of articles in the paper 'Sahodaran' describing the various difficulties and hardships I had to undergo as a low-born Hindu. If you happen to read those articles, you will be moved to tears out of pity and compassion. Under such circumstances, you can think of the pathetic situation of the Depressed Classes.

If questioned about the welfare, a Pulaya might readily answer that he was the serf of a certain 'jenmi'. More pathetic and terrible were the conditions of the Pulayas, decades back. They were bound to the soil. They were included among cattles and other movable properties of the house. You may be surprised to hear that they were sold in auction for one or one and a half rupees per head. In decree of an attachment from the Court, they were

also taken along with other movable properties. Comparative instances had only been heard of as the atrocities committed against the negroes of South Africa.

The Cochin Pulaya Mahajana Sabha.

In 1909 an organisation of the Pulayas of the State was started under the name of the 'Cochin Pulaya Mahajana Sabha'. The Pulayas alone constituted three-fourth of the population of the Depressed Classes which exceeded a lakh. The remaining portion comprised various communities namely, the Vettuvan, Ulladans, Parayans, Nayadies, Kadans and Malayans. The Pulaya Mahajana Sabha was started for their upliftment since they formed the majority of the Depressed Classes. The ideas which prompted me to begin this organisation were manifold. I have already mentioned the fact that I am born in one of the oppressed communities of the State. The difficulties and hardships I had to undergo in the name of caste were the prime factors that tempted me for this organisation. After attaining a moderate knowledge in Sanskrit, Malayalam and Logic, I used to spend my time in delivering lectures at the communal gatherings of my own men. I never had the opportunity to listen to any of the public speeches but had only read of them in the Journals. I made my first speech in my 18th year before a well-attended meeting of my own community. But it was in my 24th year that the Pulaya Mahajana Sabha was organised. Then I had only a short experience of conducting meetings. While I was longing for an organisation, some Pulayas came to me at my lodge which was located on the southern side of the St. Teresa's Convent and on the northern bank of the canal crossing the Broadway. I was then the Malayalam Pandit of the Convent High School. They belonged to Mulavukad, the small island north of Bolghatty and lying west of Pachalam Vala Colony which you have recently visited. Mulavukad is a strong Pulaya centre which had the fortune to send the two representatives to the Legislative Council; Mr. Chanchan, the Ex-M. L. C., and Mr. Vallon, the present member whom you know personally. Mr. Krishnady was the prominent man among those who had approached me. They respectfully informed me that they had purposely come to adopt me as their 'guru' (teacher). As requested I composed for them a few songs and verses and asked them to come for a second time. It was their appreciation for my first work "Jathikkummy"—a small book dealing with the disabilities of the caste system, namely, untouchability and unapproachability based upon Sankaracharya's 'Maneesapanjakam' that prompted them to select me as their guru. The then circumstances were even against my desire of entertaining them at my house. Now we have no objection for inter-dining and there have been occasions when myself and Mr. Vallon took dinner at one and the same table. More than that, boys and girls from the depressed classes are engaged for preparing our meals. The Pulayas had not the privilege to walk through public roads and to appear in the market and bazaar. Mr. Krishnady and his friends had come to realise the magnitude of their disabilities, while the others were entirely ignorant of the fact. Their self-respect, little or limited it may be, gave me a spark of hope to start my scheme of amelioration. On the second time, when they came, I discussed with them about the starting of an association in order to improve their literacy and for ascertaining their right of free movement. You may doubt why I did not suggest them to organise co-operative societies for their economic improvement. Well, the answer is, the movement had not come into the notice of the Government and there is no wonder why I had not the least knowledge about the same.

The first Pulaya Mahajana Sabha.

The first General Meeting of the Cochin Pulaya Mahajana Sabha was held in April 1914, in the premises of the St. Albert's High School, Ernakulam. All the arrangements for the meetings were personally made by me. Rev. Fr. Dominic, the then Manager of the School, rendered me every possible help. Mr. T. K. Krishna Menon, B. A., a prominent figure in the social and literary fields, presided over the function. Most of the citizens were invited to the function but only a very few had the good mentality to attend the same. As a result of the incessant and strenuous work of Mr. Krishnady and his followers, there was a gathering of more than 1,500 Pulayas representing the various centres of the State. The meeting was a splendid success. I recollected the words of Bharthruhari "അമ്മേയ്ക്കു ഖരമൊഴെപ്പ" when I observed the huge audience attending to the various instructive lectures. It was on this date that the constitution of the Pulaya Mahajana Sabha was framed.

This association of the Pulayas had its own sequences among the high caste Hindus. The up-roar levelled against this was more surprising than the rumour spread on the day succeeding the earthquake of 1894. People began to misconstrue this in their own characteristic ways. The educated and conservative high caste Hindus wondered how these poor illiterate Pulayas and through whose instrument had organised themselves into such an association. Not even in the bazaar, market and in the public roads, but wherever a few people happened to meet together, the Pulaya Sabha formed their topic of conversation. The caste Hindus were perplexed at the idea that they could not proceed through the roads without being polluted by the Pulayas who might, thereafter, dare to walk. The jenmis were anxious whether the Pulayas would be available to work in their fields and parambas. The older section of the caste Hindus expressed among themselves that all these were the characteristics of the Kali-yuga as has been dealt with in the Bhavishyal purana.

The Second Pulaya Mahajana Sabha.

The second General Meeting was held in the premises of the same school six months after the first meeting. The audience exceeded 2,000 in number. As the school hall was not sufficiently large to contain such a big gathering, we were forced to conduct the meeting in the open air within the school compound itself. But for the few incidents that happened just before the meeting, the function would have been a complete success. More irritating and annoying were the mischiefs committed by certain orthodox idle vagrants against the Pulaya Samaj and they began an earnest propaganda in order to prevent the Pulayas from attending the function. Standing along the way, a set of young men from the caste Hindus, with their characteristic dexterity, made them believe that the meeting was contrived for transporting them wholesale to foreign countries like the Andamans where they were to be sold as slaves. Certain others frightened the innocent Pulayas by saying that arrangements were proceeding to levy a new tax upon their working implements. Still others impressed them that a new tax called the 'Poll Tax' would be levied upon those who had assembled there; while another set told them that they were to be shipped to distant parts to serve in the army. These false interpretations were more than sufficient to make many of them return without participating in the function. Where these attempts proved futile, they even resorted to physical force.

In this connection the names of certain high caste Hindus and members of other religions who had rendered valuable help towards the success of the meeting are worth mentioning.

By the lapse of time, the threatenings and misinterpretations of the orthodox caste Hindus against the Pulaya organisation proved ineffective. The Pulayas themselves could realise the evil motives. Subsequently several meetings were held at various places in the southern taluks of the State and instructive lectures adapted for their progress and welfare were imparted on those occasions.

The Pulayas and their conversion.

You may not have the least doubt that I am making any references against any religion in particular; but the fact is that I am relating my own experiences. At the early stages of the Pulaya Mahajana Sabha, there happened to hold a meeting of the Pulayas at Narakkal at the instance of Mr. Peter, B. A., L. T., who was the Head-master of the local High School. Similar meetings were conducted at Trippunittura and Amballur. Illustrious persons like Rao Bahadur T. V. Kasturi Ranga Ayyar and Sree Narayana Chandra Varkar respectively presided over the functions. Mr. Peter very soon turned to be a missionary and he took active part in converting a large number of Pulayas from the villages of Amballur, Trippunittura and Edakkattu-Vayal. This caused to excite misconception among the Pulayas concerning the objects and motives of their Samaj.

The conversion had its own benefits. The adoption of a new name under conversion was accompanied by a fresh spirit and vitality in the person. As Chathan is changed to John, and Cheethankan to Charley, the very name regains an automatic mental strength. The difference in the social status among the various religionists like Christians and Muhammadans is attributed to this change of mental attitude. The unimpaired right of walking through public roads is the immediate advantage of the Converts. Perhaps you may have heard about the 'Sathyagraha Campaign' at Vaikom. The movement was started not to ascertain the right of temple-entry for the backward classes or for the Harijans but it was intended for the privilege of walking through the public road within the close proximity of the temple. The Campaign caused lakhs of rupees and the constant efforts of hundreds of volunteers. And even Mahatmaji had to visit the scene of action. All these were for the fundamental and elementary right of walking through the roads where even the menial animals could pass unobstructed. Without any of these difficulties conversion ascertained for them this privilege. Conversion, for certain, enabled them to enjoy the advantages of obtaining employments and contracts on easy terms.

Had it not been for the aversion conceived by the elder sect towards the new Converts, there would have been mass conversions in these parts. In spite of the benefits and advantages conversion had its own evils also. The new Converts could not expect to enjoy an equal social status. It is our ardent hope that the caste system may disappear, even before the extinction of the difference in mentality regarding the nobility of birth and rank among the members of other religions.

A few years later, Mr. Krishnady and his associates who were the promoters of the Pulaya Samaj, became Converts to Christianity and they enjoyed every right of a free citizen. They had free access even to the palace at

Trippunittura and similar other places where we cannot boast to enter. I take this opportunity to state that there are Princes in our Royal family who are so generous and magnanimous to allow the same equal social status to their subjects irrespective of caste. After the shifting of the residence of His Highness the Maharaja to the Hill Palace, every subject is allowed to enter into the palace and appear before the Maharaja. They are not in any way responsible for the prevalence of this system. The priestly class alone can get rid of this conventional system. As the rulers are bound to respect the integrity of the priestly class in religious matters, they follow a neutral attitude.

The reasons for the retardation of the activities of the Pulaya Mahajana Sabha:—

The Mahasabha was started at the time when I was a Malayalam Pandit in the St. Teresa's Convent High School. My transfer to Trichur and the conversion of Mr. Krishnady, retarded the activities of the Samaj. Mr. P.C. Chanchan and Mr. K. P. Vallon, M. L. C., were then very young. But now, with their hearty co-operation and earnest assistance we are trying to revive the institution.

The achievements of the Sabha.

1. Freedom of walking through public roads:—

At the initial stages of the Sabha, resolutions were passed and sent to the Gracious Maharaja requesting to grant them the privilege of walking through public roads. His Highness was gracious enough to issue an open declaration to the same effect except in those roads which passed through the proximity of palaces and residence of Nambudiries.

2. Depressed Class people were given admission to the Schools.

3. A fresh vigour and spirit among the Depressed Class population was originated through the Sabha.

It is not an exaggeration when I relate the existence of numerous disabilities among the Depressed Classes, in the name of caste. Lapse of time alone cannot remove them. Forcible attacks on those conventions are necessary. Then and then only we can relieve ourselves from the yoke of these evils. Rao Bahadur Guna Pai, B. A., B. L., an efficient lawyer of the Bar, related to me in the course of the conversation the other day, certain experiences he had, at the commencement of his practice. He had actually seen at the Magistrate's Court, Depressed Class witnesses being examined under trees, away from the Court, without allowing them to enter into the Court. He had also the misfortune to see Pulayas beaten to death for polluting the caste Hindus on the way.

In 1927 our Government organised a separate department for the upliftment of the Depressed Classes; and I was appointed as the Assistant to the Protector, under the Director of Public Instruction who was the Ex-officio Protector. Mr. C. Matthai was then holding the office of the Director. I was deputed to the new post from the educational service. My lectures in the first Legislative Council regarding the amelioration of the Depressed Classes had helped me in the said appointment. When enquiries were made the Depressed Class people unanimously brought my name, as a sincere well-wisher of theirs, to the notice of the Government. It was in consideration

of my former services that I was appointed to this new office. Within the course of two years after my appointment, I visited almost all the Depressed Class centres in the State and came into intimate touch with them.

My scheme of work towards the elevation of the Depressed Classes.

1. *Water supply*:—This problem was engaging the due and proper attention of the Government. Wells and tanks were constructed in places where there was scarcity of water. I had an elaborate scheme regarding water supply; and this I have submitted before the Government.

2. *Construction of Prayer Houses or 'Bhajana Madhoms'*:—The Depressed Classes were denied of admission into the Temple of high caste Hindus. They never had the chance to get religious instruction necessary to develop their spiritual side. Therefore, Prayer Houses were built for their use in the colonies.

3. *Acquirement of Puramboke*:—The disabilities of the Depressed Classes mainly rise from the fact that they live in lands owned by the jennies, who could handle them according to their wishes. They are forced to work for their land-lord at a lower wage, nor had they any freedom to work for another even if they could afford to get a higher wage. The Government thought it wise to provide them with lands free of charge. The conservative mentality of certain village officers proved an impediment here.

4. *Establishment of Colonies*:—Controversial points are raised regarding the idea of establishing separate colonies for the Depressed Classes. One school of thought attacked the system of colonisation by saying that in the colonies the Depressed Classes had no facilities of mingling with members of other advanced communities, which alone could enlighten them. This is not without truth. But the foundation of colonies was advantageous in various aspects. If the Depressed Class people live scattered, it is humanly impossible for a propagandist to visit them individually and give them instructions. In the colonies, there is ample convenience for imparting instructions. For instance, while I had the occasion to camp at Chalakkudi Colony, I along with the Pulaya boys used to take my bath in the tank. After the bath was over, we all assembled in the 'Bhajana Madham.' Myself and the warden of the colony instructed them the mode of washing clothes. As a result, many of them are practising this, at present.

The wages of the Pulaya labourers at Ernakulam and suburbs are comparatively higher than those existing in the northern taluks of the State. In this town, the wage may vary from eight annas to a rupee while in the northern taluks they get only two to four annas. If he is to work for his land lord, he can expect to get a still lower wage. After the Pulaya Colony was established at Chalakkudi, the Government felt the responsibility of finding out adequate work for the labourers. The Parayans were provided with facilities of Rattan work and for the manufacture of bamboo-mats and baskets; while the Pulayans were employed for field work within the colony itself; I was trying to make the necessary arrangements for giving them the fields in the neighbourhood, on lease. The labourers of the colony consequently came to be rewarded with six to eight annas a day. This led to the increase in wage in the surrounding villages. In my opinion, the establishment of colonies in Depressed Class' centres is an imperative necessity for their progress and prosperity. The more the benefits will be, if adequate

attention is paid to establish colonies in properly selected centres. I know that you have visited certain colonies within this short time. I have no knowledge about the working of these colonies at present. For the welfare and progress of the colonists, I may assure you that there must be efficient wardens prepared to work at least for 12 years without the least care of their own remuneration. The colonies being illiterate, there are certain preliminary difficulties. They may even misapprehend that they are observing the rules of sanitation and cleanliness for the sake of the authorities concerned and not for any interest of their own. Once in the course of a lecture before the colonists, I emphasised the necessity of making their houses and surroundings neat and clean. The next day when I came to visit the colony, an old woman who had been engaged in cleaning her house made haste to me and requested me to pay her something for having cleaned her house as instructed by me. Matters have taken a different turn at present and the Depressed Class people have come to realise the worth and necessity of a hygienic life.

5. *Co-operative Societies*:—When the Protectorate Department was organised, the number of Co-operative Societies among them was very limited. The Societies of the southern taluks have the greater scope than those of the north. In these parts more than ten societies had been registered at my instance. I have now no knowledge about the present condition of these societies. Mr. O. M. Makotha, M. A. (Hons.), the present Co-operative Inspector of the Southern Taluks, I know, has the greatest affection towards the Harijans and the Societies under him may be flourishing.

The wages of the labourers in the Northern Taluks, as I have stated, are comparatively lower than those in the Southern Taluks. It is due to this fact that we find the scarcity of Co-operative Societies in those parts. It is very difficult to start Societies among the Depressed Class people who get only very low wages not even sufficient for their own subsistence. We must, first of all, improve the material side of the Depressed Class labourers by founding colonies and only after raising their wages, Co-operative Societies can be worked satisfactorily.

(a) *The Depressed Classes and their extravagance*:—The practice of moderation in expenditure is the fundamental principle of co-operation. Unfortunately, the Depressed Class people and the numbers of my community inhabiting the southern parts of Cochin lack the idea of regulating their expenditure. They are very much interested to celebrate unnecessary ceremonies.

(b) *Their superstitious beliefs*:—The Depressed Class people lavish a greater part of their savings in offering gifts to the Deities. They believe that their deities like Chathan, Chamunny and Rakshassu are all responsible for their prosperity as well as their adversity and so regular offerings are made in their names. They are not satisfied unless they contribute something towards the temples of high class Hindus.

(c) *Depressed Class and the temperance movement*:—Since the Pulaya inhabitants of the Southern Taluks have fallen a victim to the habit of using intoxicating liquors like toddy, their progress and advancement have greatly been marred. In 1929, I visited a Pulaya Co-operative Society at Ochanthuru. Almost all the members of that Society were men who used to take toddy. On my enquiry I understood that a member spends on an average two to four annas per day. You may be put to laughter when I say that an old man of sixty whom I questioned, used to take toddy daily worth four annas

and that on calculation he had taken toddy worth Rupees Three Thousand Six Hundred from his twentieth year onwards. As a result of the advices made on various occasions, the younger generation have begun to conceive an aversion towards this evil practice. Notwithstanding, they lavish a considerable sum for tea and smoking. Fresh efforts and considerable time may require to check the evils coming out of the false notions regarding fashion and culture.

(d) *Unwis: imitations:*— There is a great tendency among the Depressed Classes to follow others in every thing blindly. They lavish a lot of money for their dress. Instances are odious for their blind imitations. Some five years ago, a General Meeting of the Depressed Classes was conducted in the premises of the Sirkar Girls' High School, Cranganur, under the presidency of Mr. U. Kandir Menon, the then Diwan Peishkar of Cochin. We could only arrange two bouquets of "Mallika" in place of nine garlands along with half a dozen limes. A few soda bottles also were placed under the presidential table. In a succeeding meeting held at the same locality I witnessed the same number of "Mallika" bouquets and limes besides the soda bottles. On a third occasion also, I had the chance to see the same arrangements. Now I caught the point; and I had to correct them that meetings could be held even without these articles since they are not the essentials of a meeting.

(e) *Home safe boxes.*—While I was the Assistant Protector, I had supplied home safe boxes in certain localities. This system was found to be a splendid success in those Colonies which were managed by efficient wardens.

My scheme regarding the Pulaya Co-operative Societies.

It was my desire to establish a Central Institute or Union for the Depressed Classes. The villages of Elanguvapuzha, Narakkal, Edavanakkad, Nayarambalam, Kuzhupilly and Pallipuram offered the best place for the working of my scheme. Because this is the most flourishing centre gifted with abundance of cocoanut trees and a large area of backwater suited for fishing. The labourers of these parts, moreover, enjoyed high wages. There are more than 30 Depressed Class centres altogether. My scheme was to form societies at these various centres and to establish a Central Union of these Societies at Narakkal which formed the best place for the same with ample facilities for commerce and industries. Also, my scheme was to form Depots at the various centres with a Central Store above them for purposes of distributing the daily necessities of life for their consumption. Sumptuous profit can be expected from the sale of articles like rice, kerosene oil, cocoanut oil, salt, etc.

Depressed Class and Poultry.—The Depressed Class people are endowed with a natural skill for poultry. On an average, every Depressed Class house possess a dozen hens. The eggs from the individual houses at the various centres may be collected through the Depots to the Central Store, from where they may be sold wholesale.

Fisheries:—Most of the Depressed Class people and even their females are engaged in Fishing. The fishes caught can be stored in the Central Store through the Depots and from the Central Store, wholesale transaction may be effected. This too is profitable. In like manner, mats, baskets and similar articles manufactured by the Depressed Class women may also be profitably disposed of through the said agencies.

I have submitted to the Ex-Officio Protector, an elaborate and practical scheme wherein all these aspects have been dealt with. With my change of office to literary activities from the work of ameliorating the Depressed Classes, I am sorry to state that I have not enough time to continue my activities in that field.

The Abalasaranam Industrial School.

I may state a few words about this Institution which has been blessed with several of your valuable visits.

Sister Thapaswini.

It was about twenty-five years back that Sister Thapaswini approached me to study certain advanced Sanskrit works from me. She was then known not by this name. She devoted her time in deep meditation. I was then the Malayalam Pandit of the St. Teresa's Convent High School. In my little leisure time I taught her advanced Sanskrit works. She came from an old respectable family of the Thiyas. She was free from the prejudices of the caste. She herself cooked her meals. Without caring for caste or status she respected everybody. Perhaps she might have been captivated by an idea in the Bhagaval Geetha "ഈശ്വരഃ സർവ്വഭൂതാനാം ഹൃദയേഷു ന തിഷ്ഠതി" She could fast for many days and once without taking anything she had remained for one full week. Her uncommon power of endurance and the intense sympathy for the poor emboldened me to make her the instrument of working my idea about starting a "Sadanam" for the distressed ladies. Formerly I had thought of only an institution for the development of the spiritual side of women and to attach a residential home with it. I got the model from an institution like the local St. Teresa's Convent where I was serving as the Pandit for a few years. I have seldom seen a lady in Kerala with such exalted ideals.

From Swami Brahmananda, a well-reputed Yogi of the Alathur Asramam, Thapaswini had the fortune of practising 'Raja Yoga'. Above these, she studied under my guidance higher Sanskrit works like 'Makham' and 'Panchadisi' an advanced work in Philosophy. My brother Swami Ananda Yogi, and Thapaswini are the devoted disciples of Swami Brahmananda Yogi.

The existing Hindu Sadanam—a boarding house for the students—was organised by Thapaswini. But unfortunately she had to withdraw herself from the managing committee since evils in the name of caste crept into the ideals of the institution. It was in May 1926 that the Abalasaranam was started. At the time she had not even a single pie with her. I can only say that the institution is nothing but the outcome of her ardent faith in God and her devoted affection for the distressed. There are many who are rendering substantial help for the running of the institution. Only after a year of its existence Government grant was obtained. Since you have made personal acquaintance with the working of the institution, I don't mean to make this report too elaborate by dealing with the same.

It is a universally admitted fact that for the enlightenment of any society it is highly necessary to improve the cultural side of the females. In the whole of Kerala, this is the solitary instance of its kind which is suited for the improvement of the cultural as well as the spiritual side of the

Depressed Class girls. The institution is capable of imparting them necessary equipments for making them better housewives in future. It is a well-known fact that our Government is noted for their benevolence and sympathy towards the Depressed Classes. Lakhs of rupees are being spent to acquire large areas of lands for their colonisation. Thapaswini who manages the institution unfortunately lacks the necessary command of that language which alone can make the Government understand the real motives of the institution. Had the Government come to understand the benefits and advantages derived from this institution, they would not have failed, even at the cost of a large amount to maintain this institution, at the expense of the Government. The institution which has attracted the attention of eminent persons of international reputation like Mahatmaji, Sir T. Vijayaraghavachari and yourself, is, I hope, advancing into a brighter future.

Our Government and the Royal Family.

Before concluding this report, I may be allowed to state a few words about our Government and the Royal Family. At the outset of this report, I have mentioned the various evils of the caste system prevailing among the high class Hindus. I have emphasised these points not because that I have not the due regard for my country but that I wanted to draw your attention towards these disabilities for which you may have the imagination to find out a proper solution for remedying them. Our Rulers and the Government are trying their best to eradicate this evil and to elevate those who are oppressed by the caste Hindus. Due and special encouragements are always extended to the members of low caste Hindus. I may respectfully state for instance that I myself am a true example for the same. However, we cannot but admit that it is not an easy task for the Government to cut down, all on a sudden, the deep-rooted and venomous tree of caste by any hasty measures

II

SUMMARY OF RECOMMENDATIONS.

PART II—CHAPTER III.

Page Recommend-
No. ation No.

- 25 1 More Societies should be organised in the Mukundapuram and the Chittur Taluks, the distribution of Societies in the various Taluks being uneven.

PART II—CHAPTER IV.

The Central Bank.

- 30 2 At least 4 members of the Board should be nominated by Government.
- 3 The Secretary's seat on the Board and his power of vote have to be done away with. The Secretary and the local Tahsildar may be substituted by the Diwan Peishkar and the Comptroller of Accounts.
- 4 The sitting fee of Rs. 3 may be raised to Rs. 5 when the business of the Bank doubles itself, and when the financial depression is over.
- 32 5 The maximum loan may be fixed at 12 times the paid-up value of shares.
- 6 Loan applications from Societies should come to the Central Bank through the respective Unions.
- 33 7 There should be a clear-cut division in respect of short term and medium loans. Applications for these should be scrutinised by two sub-committees formed from among the members of the Board, separate statistics being kept for the two kinds of loans.
- 8 A uniform practice with regard to the percentage of the compulsory deposits, the periods for which they are to be held, and the interest they are to bear, has to be followed.
- 34 9 The Central Bank should appoint Inspectors as agents for the realisation of overdues from affiliated Societies.
- 35 10 The Central Bank should depute a Special Officer to examine the outstanding loans of Societies.
- 11 Trained and qualified men may also be appointed for the proper working of the system of introducing property and valuation statements, as well as statements of credit worthiness.
- 36 12 Investments of funds in joint stock Banks should be discouraged.
- 13 The services of the Branch Offices of the Imperial Bank of India should be secured to Co-operative Banks for transmission of funds by remittance transfer receipt, free of charge.
- 14 The fluid resources of the Central Bank should have a standard fixed.
- 37 15 The margin of profit on the Government loan should be utilised to augment the contribution to the Instituté.
- 16 The maximum dividend should be lowered from 6½ % to 5 % and the balance should be added on to the inspection fund. A dividend equalisation fund should be created.

Page No.	Recommendation No.	
	17	The Central Bank need not spend money on its library but may make a contribution to the Institute for its library, which will meet the needs of the Bank also by way of circulation.
38	18	The proportion of the propaganda Fund should be raised from 3 to 10 % of the net profits and be handed over to the Institute.
	19	The post of the Secretary should be abolished and a Manager with commercial qualification should be appointed on Rs. 60 to 100. Men with University qualifications, preferably Graduates in commerce with co-operative training should be appointed to the staff. The appointment of a Government diplomate in Co-operative accountancy at the earliest opportunity is highly desirable.
	20	The present Bank building should be disposed of and a two-storied one should be constructed in the round of Trichur. The Institute should be housed in one of the storeys.
	21	The system of supplying books and printed forms by the Central Bank to all Societies should be given up. A printing press on Co-operative basis should be organised.

CHAPTER V.

Organisation of Taluk Banks.

40	22	Taluk Banks should be established as Branches of the Central Bank.
41	23	Individuals may be admitted as members in Taluk Banks. The Board of management of the Taluk Banks should have four members to represent primary societies and two to represent individuals, and two nominated by Government. The share capital should be fixed at Rs. 50,000 and the maximum borrowings should be ten times the face value of the shares.
41	24	The lending and borrowing rates of the Taluk Banks should be 7½ and 4% respectively.
41	25	In the beginning Taluk Banks may be housed in the buildings of Urban Banks and managed by the Secretary of the Urban Bank.
42	26	In places where Taluk Banks do not come into being the Central Bank should establish its branches.

PART II—CHAPTER VI.

Primary Societies.

43	27	In backward Taluks more primary societies should be organised.
44	28	Remarks of the Institute or the local Union should be obtained before the registration of fresh societies.
	29	Formation of communal societies should be discouraged.

Page No.	Recommendation No.	
	30	Membership in a society should be restricted to a maximum of 100.
	31	There should be one society for one village.
	32	Membership should be restricted to one society alone of the same type.
45	33	The share capital should be increased and the members should be persuaded to take as many shares as they can up to the maximum limit.
46	34	The system of compulsory deposits should be introduced in all societies.
	35	Only well developed societies should be allowed to accept current and savings deposits.
	36	Interest on local deposits should never exceed the rates of the Central Bank.
	37	The borrowing capacity should not exceed ten times the paid-up share value.
47	38	Loans issued for the purchase of seed, manure and raw materials for industry, payment of Sirkar Kists, etc., should be made repayable within a maximum period of 18 months. Loans for the purchase of cattle, implements, digging wells, etc., may however be granted periods of repayment between 3 and 6 years.
48	39	Loan committees for closer scrutiny and supervision of loans and loan applications should be formed.
	40	Forecast of requirements of societies should be insisted on, by the Department and the Financing Bank.
49	41	No one should be a committee member for more than a year at a time—Bankers and those interested in the promotion of Joint Stock Banks should not be elected to the committee. Committee members should be held responsible for all acts of commission and omission.
	42	More of educative work should be done by the supervising bodies.
50	43	All societies should be compelled to maintain the property register.
	44	Two law Graduates may be appointed as Inspectors who can be entrusted with urgent and important duties in connection with cases of misappropriation in societies.
	45	Dormant societies should be cancelled if attempts at their rectification do not prove successful within a year.
	46	As a remedy for the accumulation of overdues the system of "Kettu Thengu" may be introduced in as many societies as possible.
	47	Investments in buildings should not exceed 50% of the reserve fund plus building funds, or ten percent of the working capital. As much donation as possible should be raised for putting up buildings.
51	48	All Societies above three years of age should set apart at least 7½ per cent of their net profits towards their common good fund.
	49	Good Rural Societies should engage themselves in popularising improved methods of cultivation by stocking and supplying agricultural implements, maintenance of stud bulls, etc.

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	50	The Agricultural and the Co-operative Departments should conjointly work for the organisation of agricultural non-credit Societies.

PART II—CHAPTER VII.

53	51	The working capital of the Urban Banks should be substantially improved.
54	52	Current Savings and compulsory deposits should be introduced as well as the cheque system.
	53	The reserve fund should be invested in accordance with Departmental orders.
	54	Urban Banks having buildings and a permanent staff should issue loans on the pledge of gold.
	55	Banks with a working capital above Rs. 30,000 should entertain full-time Secretaries.
	56	Office buildings should be put up and libraries run, by Banks which can afford them.
	57	7½ per cent of the net profits should be set apart as provision for bad debts.
	58	The penalty should be reduced to a uniform rate of 6¼ per cent.
	59	For the benefit of the Bank employees the system of provident fund should be introduced.
	60	Societies of Government servants should adopt purchase and distribution of the necessaries of life on the indent system.
55	61	<i>Municipal Societies.</i> Societies should be organised in such of the Municipalities as have none. Purchase and distribution of the necessaries of life on the indent system should be introduced.
56	62	<i>Weavers' Societies.</i> More Societies should be organised with provision for wholesale purchase of yarn and for stocking and sale of finished products.

PART III—CHAPTER VIII.

Non-agricultural non-credit Societies.

57	63	The ground should be prepared by educative propaganda and Societies organised for (a) Dairy and cattle breeding, (b) Cottage industries like (1) Rattan, (2) Mat-making, (3) Coir, (4) Lime-burning, (5) Ceramics, (6) Oil-pressing, etc., (c) Poultry and (d) House building.
	64	<i>Dairy Societies.</i> A concerted "drink more milk" campaign should be organised by the Departments of Public Health and Panchayats, Agriculture and Municipality. Milk-supply Societies should be organised in Trichur, Ernakulam and Mattancheri with the co-operation of the respective Municipalities. The common good fund of Societies may be utilised for the formation of such new Societies. Necessary laws should be promulgated for the compulsory castration of unfit bulls. Provision should be made for keeping proper stud bulls in select areas by the Agricultural Department.

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58	65	<i>Cottage Industries.</i> A central Institution for financing Industrial Co-operative Societies should be formed. An industrial expert should be appointed for the supervision of such Societies. Government aid should be granted in the initial stages.
	66	<i>Rattan and coir making.</i> Trained Marketing Officers should be appointed for the profitable sale of finished products.
59	67	<i>Poultry Societies.</i> Poultry Societies should be organised with financial assistance from Government.
	68	<i>House building Societies.</i> Financial help should be rendered by Government for launching a scheme of house-building.
	69	<i>Rural reconstruction.</i> A board consisting of the Heads of the Departments of Co-operation, Public Health and Panchayats, Education, Agriculture and Industries should be constituted for joint control of concentrated activities in a selected area.

CHAPTER IX.

Liquidation.

60	70	Official liquidators having exclusive charge of liquidation work should be appointed.
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CHAPTER X.

Women and co-operation.

61	71	Thrift, vocational and distributing Societies should be organised. One Society each for thrift, cottage industry and milk supply should be organised with the help of Lady Teachers trained in Co-operation, the local Unions and the Central Institute.
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CHAPTER XI.

Arbitration.

64	72	A Graduate-in-Law should be appointed as a senior Clerk to expedite arbitration of suits. A panel of arbitrators should be constituted in every Taluk.
	73	<i>Execution of awards</i> —Powers should be granted to the Registrar for execution of decrees and for the conditional attachment of properties, with necessary changes in the Regulation and Rules.
65	74	<i>Judicial interference.</i> —Provision should be made to do away with the practice of insisting on the production of original records of Societies by Courts.
	75	Trial of appeals on the award of arbitrators on grounds of alleged fraud by Munsiffs' Courts should be prohibited by statute, or vested in a higher Court of judicature.
66	76	The interests of Societies should be protected by proper legislation against time bar brought about by delay in the execution of decrees through the Revenue Department.
	77	In place of rateable distribution among creditors, of debtors' properties by attachment and sale, preferential

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		claim over the debtors' properties should be granted to creditor-Societies.

CHAPTER XII.

Students and Co-operation.

67	78	All Colleges and important High Schools should have Students' Co-operative Stores attached to them.
68	79	The Director of Public Instruction and his subordinates should help and patronise the movement.

PART IV—CHAPTER XIII.

71	80	Group Clerks with a small allowance may be appointed to maintain accounts in Depressed Class Societies.
	81	Minor contracts may be entrusted to these Societies.
	82	Fresh colonies may be founded with Government finance and society labour; and the land and buildings may be ultimately transferred to members by realisation of the cost in small instalments spread over 20-25 years.
72	83	Raw materials such as bamboo, etc., necessary for hereditary vocations at concession rates should be supplied to the society.
	84	Provision shall be made for organised sale of finished products and purchase of necessaries of life on indent system.
	85	Home safe boxes should be introduced by persuasion.
	86	The entire control of the Inspectors of Co-operative Societies for Depressed Classes should be transferred to the Co-operative Department.
	87	The Inspectors should concentrate their work on propaganda and organisation.

CHAPTER XIV.

Valas and Co-operation.

74-	88	An institution for the collection and sale of cured fish and prawns should be organised.
75	89	The prior debts to middle-men should be gradually wiped off.
	90	The rights of fishing should be granted to fishermen's Societies at reasonable rates for a number of years.
	91	Joint purchase and distribution of the necessaries of life by Societies should be organised.
	92	There should be provision for further facilities for fish curing. A central organisation for marketing of cured fish should be established.
	93	Fresh Societies for curing and sale of fish should be organised.
	94	For the present the Fishery Inspector should be in charge of the work of organising fish curing and selling Societies.
	95	When the number of Societies increases sufficiently a full-time Officer may be put in charge of them.
	96	Government should give grants to fishermen's industrial organisations.

CHAPTER XV.

A. Rural reconstruction and Agricultural Colonisation.

- 77 97 A village uplift Society should be started in a selected centre under the auspices of a Union, with the active Co-operation of the nation-building Departments such as the Departments of Agriculture, Public Health and Panchayats. Such a society should be partly financed by 10 to 15 per cent of the profits earned by the Societies under the Union and partly by Government aid. If the Society proves successful, similar societies may be started in other centres.
- 78 98 The scheme of agricultural colonisation should be carefully considered before its adoption.

B. Consumers' Co-operation.

- 80 99 In the by-laws of Store Societies there should be provision for effecting sales to non-members.
- 100 The rebate to members should be higher than the rebate to non-members.
- 101 The rebate should not be paid in cash but credited towards shares in the case of non-members and towards additional shares in the case of members.
- 102 The extent of credit sales to members should be fixed at a maximum of 70 per cent of the paid-up share capital for a period of one month.
- 103 The Store Societies should be affiliated to the Unions and the Central Institute. As Store Societies can be better worked in Towns they should be formed in all the towns of the State where they do not already exist, by the joint action of the Co-operative Department and the Co-operators of the State.
- 104 Where a Store cannot function successfully by itself, one should be attached to the Urban Banks as one of its side activities, as is done in Mysore.
- 81 105 Big factory owners should be induced to open Co-operative Stores for the benefit of the employees.
- 106 In rural parts credit Societies should attempt joint purchase and distribution on the indent system.

PART IV—CHAPTER XVI.

Agricultural Indebtedness.

- 85 107 There should be a central Land Mortgage Bank and it should have affiliated primary Land Mortgage Banks in every Taluk with supplementary debt conciliation boards.
- 108 The establishment and other working charges of the Central Land Mortgage Bank should be met by a Government grant.
- 109 The area of operation of a Primary Land Mortgage Bank should be limited to a group of villages or at the most to a Taluk.

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- 87 110 Membership should be open to individuals and Societies.
- 88 111 Government should help these Primary Banks with the services of experienced officials of the Revenue Department. There should be a law committee for consultation on legal matters.
- 89 112 Debt reconciliation Boards should be set up in Taluk Headquarters for the present. The existing debts should be compounded at a maximum of 75 per cent of the dues to the creditor.
- 113 The Primary Land Mortgage Banks should take over the compounded debts and pay the creditor in cash. Aggrieved creditors may be left to take their cases to law Courts.

CHAPTER XVII.

Marketing.

- 90 114 On the Danish and the Irish models licensed ware-houses built and run by Government grant-in-aid in the early stages should be established for co-operative sale of farmers' products, such as ppeper, ginger, turmeric, cashewnut, arecanut, grass oil, coir, copra and cocoanuts. These ware-houses should be established in commercial centres.
- 90 115 Each ware-house should specialise in a particular commodity.
- 116 The Registrar should have power to license such ware-houses.
- 117 The ware-houses should issue warrants negotiable in Banks.
- 118 Government should appoint capable ware-house Officers for carrying out efficient grading and standardisation

PART V—CHAPTER XVIII.

Co-operative Central Institute.

- 92 119 Each Society should be mildly compelled to send up a certain number of members for training in Co-operation.
- 120 Societies should frame rules to give preferential treatment to trained members in the matter of grant of bonus, honorarium and travelling allowance.
- 121 Societies should set apart above 2½ per cent of the annual profits as educational fund to be utilised for the training of members in Co-operation. The Heads of other Departments should use their personal and official influence to popularise the movement. Greater encouragement from the Government is also essential.
- 93 122 The provision in the standing orders enjoining Government sanction for Government Servants to receive bonus from Societies should be cancelled. Participation in the co-operative movement should be given preferential consideration, for purposes of promotion and appointment,

Page No.	Recommendation No.	
94	123	The subject of Co-operation should be given more importance in the syllabus of studies by the Department of Public Instruction.
	124	A central library at the Institute with branches all over the State should be established.
	125	All societies should own at least a minimum number of books on Co-operation, part of the education fund of the Societies being utilised for purchase of co-operative books.
	126	The "Sahakarana Prabodhini," the organ of the Central Institute, should be converted into a monthly. All Societies should subscribe at least for a minimum number of copies of the journal. The Institute should supply the magazine to Depressed Classes' Societies at a concession rate.
	127	Societies should enroll only literate persons as members and those who undertake to become literate within a specified time. Those failing to comply with this condition should be deprived of the rights of membership.
	128	Individual Societies or groups of them should establish night Schools to remove adult illiteracy. These Schools should be financed partly by the educational funds of the Societies and partly by grant from the Department of Public Instruction. Propaganda should be carried on by means of magic lantern lectures and by demonstrations, leaflets and Conferences. Two paid propagandists may be appointed to carry on systematic propaganda as is done in Madras and in some Provinces of North India.
96	129	State and Taluk Conferences should be held in alternate years.
	130	Eminent co-operators from outside should be invited to address the Conference.
*97	131	The Central Institute should appoint a non-official supervisor for the supervision of each of the Unions.
98	132	<i>Constitution of the Institute:</i> —The Institute should have a federal constitution through indirect representation of Societies through Unions.
	133	The Managing Committees of Unions should form the general body of the Institute. The Institute may have individual members. The governing body should consist of only 9 members, two-thirds of whom should be representatives of Societies, and the remaining third those of the Central Bank and the individuals. There should be provision for the elimination of individual members in the long run.
	134	The ex-officio membership of the Diwan and the Registrar should be cancelled. As in the case of the Central Bank the Institute should have a paid Secretary.
	135	The staff of the Institute should be strengthened.
	136	<i>Organisation:</i> —No more credit Societies should be organised except on the recommendation of the local Union.

4. B.—Pages 97—123 referred to here are numbered from 95—121 in the body of the report where pages 95 and 96 are repeated.

Page No.	Recommendation No.	
		and the Central Institute. Intensive propaganda should be carried on for the organisation of non-credit Institutions.
100	137	<i>Consolidation</i> :—Outstanding dues in all Societies should be thoroughly examined for solvency. The loans outstanding should be classified into two categories, short term and long term and they should be readjusted with proper security.
	138	The loans of members, who are either irregular or who are sued against or against whom decrees have been obtained, should be considered as immobile outstandings, on the stipulation that all collections from the immobile outstandings should be remitted to the Central Bank.
	139	The Registrar should have power (1) to reconstitute a Panchayat, (2) to remove a recalcitrant or defaulting Panchayatdar, (3) to nominate a Panchayatdar from outside and (4) to call a general body meeting. The Panchayat should have power to co-opt a member in case of the removal of a member.
101	140	Defaulting members should be sued against and finally removed.
	141	The reserve fund should be correctly estimated after a careful examination of the unrealised profits, write-off amounts and irrecoverable dues.
	142	Rural Societies should not put up Office buildings of their own before their reserve funds come up to half their working capital.
	143	<i>The imperfections of the law</i> .—The Supervisor appointed by the Central Institute should be given powers to prosecute persons who commit crimes against Societies or violate its laws and the Registrar should have powers of summary trial in such cases.
102	144	The cost of prosecution should be met either by the Societies or the parties concerned. The delay in the execution of decrees should be removed by the appointment of extra hands for the work.
PART VI.—CHAPTER XIX.		
104	145	<i>Department, Registrar, his status, pay, etc.</i> —The Registrar should be made a major Head of Department and his pay raised to Rs. 450—40—650 and should be given a seat in the Legislative Council to improve his status and increase his influence.
	146	He should have experience of European Co-operative movement.
	147	<i>Registrar's Assistant</i> .—The Registrar should keep abreast of up-to-date literature on Co-operation, the economic conditions and practices throughout India and methods of joint stock Banking.
	148	A qualified Assistant Registrar on Rs. 150—10—25 should be appointed and attached to the Head Office to be in charge of suits, supervision of central Institutions and non-credit work.

Page No.	Recommendation No.	
106	149	<i>Inspection</i> .—Qualified Inspectors should be appointed for organising Societies both agricultural and Industrial. An Inspectress should be appointed to organise Societies among women.
	150	An Inspector should be in sole charge of liquidation work.
	151	The two Inspectors for Depressed Classes Societies should be brought under the entire control of the Co-operative Department. The post of the Head-quarter Inspector may be abolished.
106	152	There should be 14 Inspectors distributed as follows:— (a) for divisions—6 (b) for liquidation and arbitration—2 (c) for agricultural non-credit Societies—1 (d) Inspectress—1 (e) for Industrial Societies—1 (f) for other non-credit Societies as Stores—1 (g) for Depressed Class Societies—2
	153	For all future appointments to the Inspectorate—only graduates and diplomates should be chosen.
	154	Preference for appointments should be given to qualified men connected with the working of Societies.
	155	The pay of the Inspectors should be raised to a uniform scale of 40—4—100 in view of their responsibility and the qualifications to be insisted on.
107	156	<i>Staff of the Registrar's Office</i> .—The correspondence and the suit sections should be strengthened by the appointment of one clerk to each section.
	157	In place of the record-keeper a Graduate should be appointed as librarian. The pay of the Head clerk should be increased to Rs. 80—4—100 so that an experienced Inspector might be taken over to fill up the post, if necessary.
	158	The Assistant Registrar and the Inspectors should be given peons.
108	159	<i>Sale Officers</i> .—Sale officers should be appointed for effecting recoveries under decrees. The necessary expenses for the staff should be met from imposition of fees on the Madras Model.
	160	<i>Reforms Officer</i> .—An Officer on Rs. 150 with necessary staff and provision for Travelling Allowance should be appointed for organisation work.
	161	Arrangements should be made to get the report translated into Malayalam so that it might be understood by the majority of Co-operators.
	162	The work of compiling a Co-operative Manual should be arranged for. The work should be entrusted to either an experienced officer of the Department or to the Re-organisation Officer to be appointed.
	163	The Economic Development Committee should be resuscitated with the Registrar as an ex-officio member.
	164	Village libraries receiving grants from the Department of Education should be compelled to purchase co-operative literature for a fixed proportion of the grant.

Page No.	Recommendation No.	
109	165	Tours should not be restricted for want of T. A. and the system of fixed T. A. should be removed. A total of Rs. 2,500 should be provided for towards contingencies, and of this Rs. 300 should be set apart for purchase of books and periodicals.
	166	A three-storeyed building should be put up in the vacant plot to the north of the Trichur Taluk Office for housing the Central Bank, the Central Institute and the Registrar's Office. The Central Bank should sell its present Office building and contribute Rs. 15,000 towards the new building.
	167	The Institute should be given a building grant of Rs. 20,000.

CHAPTER XX.

112	168	<i>Co-operative Printing Press.</i> —A Co-operative Printing Press should be organised after a thorough enquiry into its financial aspects on the model of the Coimbatore Co-operative Printing Press.
115	169	The reserve funds of all primary Societies should be deposited in the Central Bank and should not be merged in the working capital.
117	170	In selected Societies the system of Vechupathippu should be introduced to attract business, now going to Joint Stock Banks.
	171	Lending against gold and silver to members and non-members should also be introduced in selected Societies.
120	172	<i>Frauds in Societies.</i> —Expenses for prosecution against frauds capable of being proved should be borne by the Government and the cases should be treated as Government cases.
321	173	<i>Discipline in Societies.</i> —Specific provisions should be made prescribing penalties for failure on the part of Societies to send up returns and to act up to the orders of the Registrar.
	174	<i>Factory workers and co-operation.</i> —The factory owners should be compelled to organise Co-operative Societies to do welfare work among the employees.
122	175	<i>Utilisation of common good fund.</i> —Half of the fund should be set apart for the use of the Co-operators in the State when in distress.
	176	The other half should be invested separately and the accruing interest spent for strengthening the basis of the movement, viz., for education and propaganda, the institution of prizes or medals for the best essay and the best book written on Co-operation, etc.
	177	Play wrights and authors on Co-operation should be encouraged.
123	178	<i>Supervising Unions.</i> —Provision should be made for compelling Societies to become members of local Unions.

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