

**PROCEEDINGS**

**OF THE**

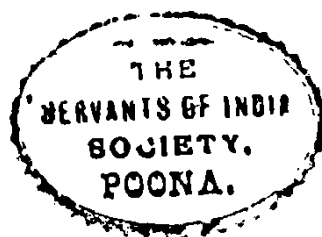
**BOMBAY PROVINCIAL CO-OPERATIVE  
CONFERENCE, 1919**

**HELD IN POONA**

**September 15th, 16th and 17th, 1919**

**BOMBAY  
PRINTED AT THE GOVERNMENT CENTRAL PRESS**

**1920**



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List of persons attending Conference

Proceedings of the Conference on 15th September

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|   |      | Subject.   |
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| 8. Urgent need for Co-operative Stores  | ..   | G. K. Deodhar, Esq., M.A., Servants of India Society.  |
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**REPORT OF THE PROCEEDINGS OF THE EIGHTH PROVINCIAL CO-OPERATIVE  
CONFERENCE HELD AT POONA ON SEPTEMBER 15th, 16th AND 17th, 1919.**

The Conference met at 11-30 a.m. on Monday, September 15th, in the Council Hall, Poona.

*Present :*

- His Excellency Sir George Ambrose Lloyd, G.C.I.E., D.S.O.  
The Honourable Mr. G. S. Curtis, C.S.I., I. C. S., Member of Council.  
The Honourable Sir Ibrahim Rahimtoolla, Kt., C.I.E., Member of Council.  
The Honourable Mr. L. C. Crump, I. C. S., Member of Council.
- Khan Abdul Majidkhan, Esq., Registrar, Co-operative Societies, Hyderabad (Deccan).  
S. S. Angadi, Esq., Assistant Honorary Organiser, Co-operative Societies, Hungund, District Bijapur.  
K. B. Ankaligi, Esq., District Honorary Organiser, Co-operative Societies, Dharwar.  
P. Anstey, Esq., Principal, Sydenham College of Commerce and Economics.  
Kashinath N. Apte, Esq., Assistant Honorary Organiser, Co-operative Societies, Chakan, Poona.  
V. V. Athalye, Esq., Shiposhi Co-operative Credit Society.  
M. G. Athalye, Esq., Inspector of Agriculture, Nasik and Khandesh.  
Azimkhan Inayatallikhan, Esq., Assistant Registrar, Co-operative Societies, Sind.  
Bapuchand Lakhmichand, Esq., Chairman, Chakan Sale Society.  
S. V. Bali, Esq., Representative of Sattigeri Guaranteeing Union, District Belgaum.  
R. D. Bell, Esq., C.I.E., I. C. S., Director of Industries.  
K. B. Bengeri, Esq., Chairman, Gopankop Guaranteeing Union, District Dharwar.  
K. B. Bhadrapur, Esq., M.A., Assistant Registrar, Co-operative Societies, S. D.  
Laxuman K. Bhagwat, Esq., Editor, "Sahakari Mitra."  
G. G. Bandiwadekar, Esq., Auditor, Co-operative Societies, Poona.  
Dhirajlal K. Bhatt, Esq., Mamlatdar, Dohad.  
Vaman B. Bhopatkar, Esq., M.A., LL.B., High Court Pleader, Poona.  
P. M. Bildikar, Esq., Representative of Cotton Sale Society, Pachora, Khandesh.  
C. H. Bristow, Esq., I. C. S., Assistant Collector, Poona.  
R. A. Chandekar, Esq., of Indian Christian Society, Ahmednagar.  
W. G. Chirmule, Esq., District Honorary Organiser, Satara.  
Rao Bahadur G. K. Chitale, Esq., Chairman, Nagar Central Bank.  
Narhar Malhar Chitnis, Esq., Chairman, Boregaon Co-operative Credit Society, District Satara.  
Chunilal Harderam, Esq., Chairman, Broach Urban Society.  
J. Crerar, Esq., C.I.E., I. C. S., Additional Secretary to Government.  
V. H. Dambal, Esq., Chairman of Dambal Co-operative Credit Society, District Dharwar.  
G. S. Dandwate, Esq., Assistant Auditor, Co-operative Societies, Ahmednagar.  
Krishnaji L. Datar, Esq., Assistant Honorary Organiser, Avas, Alibag.  
Gopal K. Devdhar, Esq., M.A., Member of Servants of India Society.  
C. S. Deole, Esq., B.A., Member of Servants of India Society.  
Annasaheb B. Desai, Esq., Chairman, Murgod Union, District Belgaum.  
Shrimant Babasaheb Desai Bahadur, of Agadi.  
Dinakarrao N. Desai, Esq., District Honorary Organiser, Broach.  
Durlabhji R. Desai, Esq., District Honorary Organiser, Surat.  
G. G. Desai, Esq., District Deputy Collector, Broach.  
Rao Saheb G. H. Desai, B.A., Auditor, Co-operative Societies, N. D.  
M. G. Desai, Esq., Assistant Honorary Organiser, Chikhali, District Surat.  
M. H. Desai, Esq., Assistant Honorary Organiser, Atgaum, District Surat.  
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P. B. Desai, Esq., Chairman, Aminbhavi Co-operative Credit Society, District Dharwar.  
Shankarrao B. Deshmukh, Esq., Assistant Honorary Organiser, Co-operative Societies, Pimpalner.



- V. D. Deshmukh, Esq., of Edlabad Co-operative Credit Society, East Khandesh.  
 N. G. Deshpande, Esq., Chairman, Baramati Co-operative Credit Society.  
 V. N. Deshpande, Esq., Junior Assistant Auditor, Bombay.  
 Harkishana H. Divan, Esq., Representative of Thakorji Maharaj Co-operative Society,  
 Nadiad, District Kaira.  
 R. B. Ewbank, Esq., I. C. S., Registrar, Co-operative Societies, Bombay Presidency.  
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 R. D. Garud, Esq., B.A., LL.B., Honorary Organiser, Co-operative Societies, Dhulia.  
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 J. R. Gharpure, Esq., Chairman, Dakshina Brahamans' Co-operative Credit Society, Bombay.  
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 V. N. Ghate, Esq., Pleader, Chalisgaon.  
 T. C. Ghaisas, Esq., Mamlatdar, Valva, District Satara.  
 The Honourable Dewan Bahadur K. R. Godbole, Poona.  
 M. R. Godbole, Esq., District Honorary Organiser, Sholapur.  
 S. C. Godhi, Esq., Assistant Honorary Organiser, Dharwar.  
 H. D. Godse, Esq., Special Mamlatdar, Kopergaon.  
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 K. H. Gokhale, Esq., Chairman, Cosmos Co-operative Credit Society, Poona.  
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 V. H. Gonehalli, Esq., M.A., Assistant Registrar, Co-operative Societies, C. D.  
 Rachappa V. Gorobal, Esq., Vice-President, Parasgad Union, District Belgaum.  
 V. R. Gulvadi, Esq., Cotton Sale Society, Bagalkot, District Bijapur.  
 J. V. Gunjekar, Esq., Representative, Khanapur Co-operative Credit Society.  
 R. G. Gupte, Esq., Night School Inspector, Co-operative Societies, Poona.  
 Hirdaram Mewaram, Esq., President, Amil Co-operative Credit Society, Karachi.  
 Siddangowda Hiregowdar, Esq., Chairman, Hulkoti Guaranteeing Union, District Dharwar.  
 R. S. Hiremath, Esq., District Deputy Collector, Bijapur.  
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 Ibrahim Shah, Esq., Auditor, Co-operative Societies, Sind.  
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 G. V. Joglekar, Esq., Retired District Deputy Collector.  
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- Vaman L. Kanitkar, Esq., Chairman, Devrastra Guaranteeing Union.
- R. M. Kaprekar, Esq., Assistant Honorary Organiser, Co-operative Societies, Thana.
- Keshav T. Karulkar, Esq., Member of Supervising Board, Umbargaon Co-operative Society.
- Krishnaji N. Karve, Esq., Chairman, Avas Co-operative Credit Society, District Alibag.
- Rao Bahadur M. C. Kelkar, B.A., Retired Deputy Collector, Chairman, East Khandesh Central Bank, Jalgaon.
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- L. G. Khare, Esq., Representative of "Bombay Chronicle."
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- S. M. Khawn, Esq., B.Sc., M.S.P., Chairman, Igatpuri Co-operative Credit Society.
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- M. G. Khudawand, Esq., Assistant Honorary Organiser, Co-operative Societies, Navalgund, District Dharwar.
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- V. S. Kembhavi, Esq., B.A., On Special Duty of Provincial Co-operative Conference, Registrar's Office, Poona.
- R. B. Kirtikar, Esq., Representative of "Jagadvrita."
- S. N. Keshawain, Esq., Chairman, Sirsi Urban Co-operative Credit Society.
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- Dr. Harold H. Mann, Director of Agriculture, Bombay Presidency, Poona.
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 D. K. Parashrami, Esq., Representative, Sangammer Weavers' Society.  
 A. B. Pathan, Esq., Assistant Honorary Organiser, Borsad.  
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 C. D. Patel, Esq., District Honorary Organiser, Traj.  
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 P. B. Patel, Esq., Assistant Honorary Organiser, Wagra, District Broach.  
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 S. K. Patil, Esq., Chairman, Koliwad Co-operative Credit Society, District Dharwar.  
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 R. W. Patwardhan, Esq., Special Mamlatdar, Baramati.  
 K. M. Pathak, Esq., Chairman, Vastra Bhandar Co-operative Stores, Poona.  
 P. E. Percival, Esq., I. C. S., District Judge, Poona.  
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- L. S. Potnis, Esq., Mamlatdar, Bhusaval.
- B. B. Potdar, Esq., B.A., LL.B., Chairman, Pioneer Co-operative Society, Belgaum.
- A. N. Pradhan, Esq., State Karbhari, Phaltan.
- The Honourable Mr. Purshotamdas Thakordas, C.I.E., M.B.E., Honorary Secretary, Famine Relief Fund, Bombay.
- R. N. Rajadnya, Esq., District Honorary Organiser, Aitwade Khurd, District Satara.
- R. B. Rajahansa, Esq., Assistant Honorary Organiser, Sonai, District Nagar.
- Rajaram Tukaram, Esq., M.B.E., President, Bandra Municipality.
- Rao Saheb H. V. Rajwadkar, Chairman, Lower Colaba Co-operative Society, Bombay.
- K. V. Rashimkar, Esq., Chairman, Tembuni Union, District Sholapur.
- Raje Ratansing of Malegaon, District Poona.
- Dr. B. V. Rayakar, F.S.Sc. (London), L.M. & S. (Cal.), Medical Officer, Homeo. Charitable Dispensary, Bombay.
- F. A. C. Rebello, Esq., Member of Mangalorean Garden Homes Co-operative Society.
- Rev. Canon Rivington, Betgeri Urban Co-operative Society, District Dharwar.
- B. G. Sabnis, Esq., Honorary Organiser, Saundatti, District Belgaum.
- Vasudeo N. Sabnis, Esq., Sale Society Commission Agent, Walva Taluka, District Satara.
- G. N. Sahasrabudhe, Esq., Currimbhoy Ebrahim Workmen's Institute, Parel, Bombay.
- B. R. Samel, Esq., Junior Assistant Auditor, Co-operative Societies, Nasik.
- The Honourable Mr. E. L. Sale, I. C. S., Commissioner of Customs, Salt and Excise, Bombay Presidency.
- R. M. Sane, Esq., Divisional Honorary Organiser, C. D., Barsi.
- V. K. Sanjanwala, Esq., District Honorary Organiser, District Thana.
- The Honourable Dr. Sir Deviprasad Sarbadhikari, Calcutta.
- S. G. Salbardikar, Esq., Weavers' Society, Edlabad, East Khandesh.
- H. A. Sathe, Esq., Chairman, Peth Manure Society, Walva, District Satara.
- N. R. Sathe, Esq., Head Clerk to the Registrar, Co-operative Societies, Bombay Presidency.
- M. S. Seshittal, Esq., Municipal Enquiry Officer, Dharwar.
- K. D. Sethna, Esq., Special Auditor, Co-operative Societies, Bombay.
- Siddik H. Shaikh, Esq., B.A., Junior Assistant Auditor, Jalgaon.
- Shaikh Ramzan, Esq., Office of the Registrar, Co-operative Societies.
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- Jivanlal M. Shah, Esq., Secretary, Jambusar Co-operative Society.
- M. A. Shetti, Esq., B.Ag., Agricultural Organiser, S. D., Dharwar.
- The Honourable Mr. A. H. A. Simcox, I. C. S., Commissioner, C. D.
- B. N. Shinde, Esq., Registrar's Office.
- C. S. Shirahatti, Esq., Representative, Cotton Sale Society, Hubli, District Dharwar.
- Dr. R. H. Shirahatti, Director, Dharwar Urban Co-operative Society.
- G. J. Shitole, Esq., Assistant Honorary Organiser, Patas, District Poona.
- Bhagwandas B. Shroff, Esq., Honorary Manager, Co-operative Society, Bulsar.
- F. L. Silva, Esq., Secretary, Bombay Catholic Housing Society, Bombay.
- B. M. Shintri, Esq., B.A., Dharwar.
- S. Y. Sontakke, Esq., Assistant Honorary Organiser, Co-operative Societies, Bodwad.
- N. P. Surnis, Esq., Assistant Honorary Organiser, Co-operative Societies, Pandharpur, District Sholapur.
- Narotamdas T. Surti, Esq., Member, Broach Urban Co-operative Credit Society.
- Rao Bahadur S. S. Talmaki, Secretary, Bombay Central Co-operative Institute.
- K. V. Tamhankar, Esq., Agricultural Inspector, Co-operative Officer, Ichalkaranji, S. M. C.
- D. N. Tantri, Esq., Office of the Registrar, Co-operative Societies.
- K. N. Tantri, Esq., Office of the Registrar, Co-operative Societies, Bombay Presidency.
- M. R. Tarkunde, Esq., Chairman, Saswad Co-operative Credit Society, District Poona.
- G. S. Tase, Esq., Assistant Honorary Organiser, Co-operative Societies, Jalgaon, East Khandesh.

- A. G. Tendulkar, Esq., Representative of Non-Agricultural Gowd Saraswat Co-operative Credit Society.
- Madhoji D. Thakersey, Esq., Director, Bombay Central Bank.
- Trimbaklal B. Thakore, Esq., Gujarat Brahmo-Kshatriya Co-operative Credit Society, Broach.
- Rao Bahadur Thakorram Kapilram, Surat District Co-operative Union.
- S. T. Tikare, Esq., President, Bhavsar Kshatriya Co-operative Society, Dharwar.
- D. S. Unde, Esq., Chairman, Pandhare Guaranteeing Union.
- M. R. Uplekar, Esq., Shop-manager, Baramati.
- M. O. Vakil, Esq., District Honorary Organiser, Co-operative Societies, Surat.
- Rao Saheb K. R. Valvekar, Chairman, Hubli Urban Co-operative Credit Society, District Dharwar.
- S. M. Wadiarmath, Esq., Managing Director, Cotton Sale Society, Gadag, District Dharwar.
- S. K. Wadeyar, Esq., Mamlatdar, Kalghatgi, District Dharwar.
- Puttaraj K. Wadeyar, Esq., Member of the C. D. Committee, Kalghatgi.
- Dattatraya N. Waze, Esq., Chairman, Yedur Co-operative Society, District Belgaum.
- Khan Saheb Wazir Patil, Chairman, Bodwad Co-operative Society.
- Dr. T. D. Welankar, Bombay.
- A. C. Wild, Esq., I. C. S., Legal Remembrancer to the Government of Bombay.
- K. C. Woke, Esq., Chairman, Parola Co-operative Credit Society.
- P. Wood, Esq., Secretary, G. I. P. Railway Co-operative Credit Society, Bombay.
- S. V. Yatgiri, Esq., Chairman, Dharwar Weavers' Union, Dharwar.

## PROCEEDINGS.

### I. Opening Address by His Excellency the Governor.

*His Excellency* in opening the proceedings said:—Gentlemen—This is the first meeting of the Co-operative Conference held since the close of the war and I am grateful for having so auspicious an occasion on which to meet you all. I am glad to see so many leading figures in the co-operative world present here to-day and I am especially pleased to be able, on behalf of my Government, to extend a warm welcome to the distinguished visitors from other provinces, the Hon. Sir Deva Prasad Sarbadhikari of Calcutta, and Mr. Abdul Majidkhan, Registrar, Co-operative Societies, Hyderabad, Deccan. The fact that these gentlemen have come from so far off to take part in your deliberations shows how wide an interest is being taken in the co-operative movement and of how general an application are the problems which you are about to discuss. Gentlemen, we have come to a turning point in the history of co-operation as of everything else. The war is now at an end; the long period of uncertainty has passed by and a crushing victory has at last, after incredible exertions and sufferings, been won by us. The famine which so unhappily marked the closing year of the war is now over and I earnestly hope that the Presidency (with the exception of a few unfortunate districts) is about to enjoy a good year. Trade is being rapidly re-opened, credit is reviving (perhaps too fast) and the whole agricultural and industrial world is taking stock of the new position. It is not out of place therefore to take this opportunity of making a short review of the progress made up to date and I would ask you to pardon me for putting before you a few dry figures.

The first Co-operative Societies' Act was passed in 1904, only 15 years ago. The number of societies and the capital they manipulate in the Bombay Presidency have grown as follows:—In 1907 there were 70 societies with a capital of slightly over 1½ lakhs; in 1910 they had grown to 209 societies with 8½ lakhs; in 1913 there were 526 societies with nearly 50 lakhs capital; in 1916 there were 992 societies with a capital of over 97 lakhs and in 1919 there are 2,083 societies with a capital of close on two crores. These figures I think serve to bring indisputably before one the extraordinary progress which co-operation has made in this Presidency and they also show that the rate of increase is rapidly increasing. Mr. Ewbank, in his report for last year, remarks that "on the whole the working capital is handled wisely and devoted to proper objects in reasonable proportions" and that "the way in which the loans were used may be regarded as very creditable to the good sense of agricultural co-operative committees." I would in passing draw your attention to the fact that while 39 per cent. of the loans were made for the purposes of current agriculture, so large a figure as 18 per cent. were allotted to the redemption of debt. The question as to how far direct loans should be made for this purpose is a debatable one, but the figure quoted seems to me very significant and serves to show that this problem which is so acute in India, is being seriously tackled. So far then the record is satisfactory. The movement is gaining ground rapidly. You have gone through an extremely difficult year without suffering any severe setback. The interest shown in co-operative affairs is even increasing—what then of the future? You have come to a parting of the ways and you have now to make important decisions on two main issues. Firstly, in what directions is the movement to advance and expand and, secondly, on what main lines should its growth be controlled and directed? It has been often said, and it cannot be gainsaid, that agriculture is and always will be the biggest industry in India and it follows that the most important field of co-operative work will always be that of co-operative credit designed to finance the agricultural classes. The foundations of Agricultural Co-operative Credit Societies in the Bombay Presidency have been firmly laid and all that is wanted now is an increase in the number of honorary workers and enthusiasts who will spread the movement into every corner of the Presidency.

But there has of late been an increasing demand for co-operative institutions of a different nature. As I said the other day in Bombay the difficulties created by war conditions have led all classes to look around to find some means of avoiding the tremendous prices charged for food, for raw material and for houses—factories which are rendering production and even life so difficult. There is a desire to avoid the middleman by using co-operative methods for purchasing and for

distributing food and raw materials. The success of such co-operative institutions in England and Ireland and the continent has been phenomenal and I see no reason why the movement should not equally succeed in India. I appealed in Bombay to financiers of that very progressive city to come forward and finance the Central Stores, without which no progress in this direction can be made, and I trust that they will come to your help as they have done in the past. After all you possess now the three ingredients to success in any undertaking, namely, good organisation, sound finance and plenty of enthusiasm. The organisation which was started by the Registrar of Co-operative Societies in 1904, on a modest scale has gradually spread over the whole Presidency. Originally almost entirely dependent on Government for guidance and support the societies, unions, committees, and organised bodies of every conceivable kind are rapidly springing up all over the Presidency. Like children learning to walk they are gradually finding their feet and will soon after the inevitable tumbles and bruises be able to walk on their own legs. At the head of it all is the Central Co-operative Institute. It is to this body and its committees that I look for direction in the new movement as regards finance which was the great stumbling block in the early days. I am sure you will all agree that the biggest step taken in the history of co-operation in this Presidency was the establishment of the Bombay Central Co-operative Bank. Since that time the number of Co-operative Societies and the amount of business transacted have increased enormously. I am glad to see that the directors of the bank are wisely endeavouring to restrict the operations of their bank to large transactions and are encouraging the local banks to take upon themselves the whole business of financing societies within their circle.

Self-help is the motto of co-operation and it is encouraging to see that the credit of the movement is strong enough to attract the very large sums of money which are dealt with by these local central banks and their branches. At the same time I would take the opportunity of uttering a word of warning. The only sure foundation for co-operative work is confidence. Without that the whole fabric comes toppling down and involves all around it in ruin and destruction. While applauding then the efforts of all to establish local banks and attract local capital, I would impress upon you the necessity of making sure of every step before advancing still further. Success and sound finance are not the children of speculation, for speculation, while it may enrich an individual, rarely benefits and constantly damages a community, and I am, therefore, confident that all those concerned with the co-operative movement will steer at the present time a careful course.

The second main decision which has to be adopted relates to control. In future, as you may see if you pick up any book upon co-operative movement—the movement must rely on the independent efforts of the community and not on the assistance of Government. In this country for various reasons, which I need not mention, the initiation of the movement had to be undertaken by Government. The whole organisation was trained and handled by the Registrars, and all credit is due to them, and should be given to them for the excellent work they have done in guiding the movement safely through its very difficult early stages, when suspicions and distrust were rampant, and confidence and self-reliance were not yet born. But the movement has now got far beyond the stage at which it was dependent on Government help, and every one is, I think, agreed that far greater independence of action is now necessary to the societies and to the organisations which control and supervise them.

Government must impose and insist on certain fundamental safeguards to prevent a widespread failure. Government is responsible also for seeing that the provisions of the Act and the rules and by-laws are observed and that no institution, which is really not co-operative, is permitted to take advantage of the Co-operative Societies Act. It is willing to provide co-operators with a staff of experts to advise, and, for the time being, to ensure a free and impartial annual audit, but beyond this it has no desire to go. From now on the movement must depend more and more upon itself for inspiration, for funds and for organisation; and have no fear for the result. I believe there is a great future for co-operation in India and I am certain that its rapid and successful development is of great social and political importance for the country. Through co-operation are learnt the lessons of

self-help, self-restraint and self-government, lessons so essential to a country which is learning how to govern itself. The practical difficulties met with in finance and administration, the art of assessing character, the necessity for working out schemes with due forethought and deliberation, the vital importance of a practical scheme of education for all classes, the value of facts as opposed to mere words and theories, the influence of a healthy public opinion upon the action of individuals—all these things are being learnt by every small society in the country. The value of this teaching cannot be overrated and, while I fully appreciate the material value of the co-operative movement, I rate almost as highly the moral and social progress which will most surely accompany the spread of this movement.

Well, gentlemen, you have two or three days of conference here and I have every hope that next year's working will profit by the deliberations which you are now going to embark upon. But I cannot conclude without expressing the formal thanks of Government to Mr. Ewbank who has worked with special and conspicuous ability—(cheers)—in the cause of co-operation. Very few of you here who have not the opportunity of seeing the co-operative movement all over the Presidency can realise fully how arduous has been Mr. Ewbank's task, how faithfully he has carried it out and what real enthusiasm for the cause of co-operation he has shown. He will soon, I regret to say, be quitting his appointment and going on leave and I am sure he will carry with him the respect, the affection and the gratitude of all who have had to deal with him. I can only conclude by wishing full success to your Conference and to the co-operative movement and I look forward to receiving you at Government House in a couple of days. (Applause.)

## II. Summary of Results of preceding Conference.

*The Registrar* :—Your Excellency and Gentlemen, it has been the custom at these Conferences for the last few years for the Registrar to report briefly what action has been taken to give effect to the resolutions of the last preceding Conference. To-day I am glad to be able to report to you that with one exception all the resolutions passed by the last Conference have been carried into effect.

As recommended by that Conference, Government refrained from prescribing any fixed standard of fluid resource for Central Banks and the larger Urban Societies and have satisfied themselves with a Quarterly Financial Return showing their proximate liabilities and the available fluid resources. These returns have now been received for a year and I am sure they have proved quite as useful to the Banks themselves as to Government.

Mr. Joshi's scheme for holding Senior and Junior training classes for secretaries and appointing a permanent standing committee to organise them has been adopted with scarcely any alteration and Government readily sanctioned the necessary grant-in-aid. One senior and four junior classes were held last year, and the results have fully equalled our highest hopes. These classes have now been taken over by the Central Co-operative Institute, and I hope that they will form a permanent feature in our Bombay system.

The Committee appointed to work out a scheme for a Central Co-operative Institute on the lines recommended by Rao Bahadur Talmaki, drew up a thoroughly business-like plan, surmounted the financial difficulties, obtained a generous grant from Government and did not dissolve itself until it had converted the Institute into an accomplished fact. The Honourable Mr. Lallubhai Samaldas is to speak to-day on the future sphere of the Institute, and I shall therefore content myself by saying that this Institute marks a step of the first importance in the progress of this movement towards self-government, and if any of you or of the societies which you represent have not yet joined it, I appeal to you to become a member at once and to support it both with your subscription and your practical help in your own neighbourhood.

The recommendation that vigorous efforts should be made to organise Co-operative Stores has not yet borne much fruit owing to famine, control, shortage of transport, and so forth. But the whole subject has recently been carefully examined by a special committee and recommendations have already been submitted to Government, which, if accepted, will undoubtedly give a tremendous impetus to this line of development.



By-laws for workmens' Co-operative Credit Societies as desired by the last Conference have been framed by the Registrar in consultation with the Servants of India Society and other workers; and some 60 such societies have already been organised. To promote this type of societies, I am glad to be able to announce that Government have recently sanctioned a special Auditor, who will devote himself wholly to welfare work in Bombay City.

The Committee appointed to draw up a scheme for night schools and to decide how Sir Vithaldas Thakersey's generous gift of Rs. 50,000 was to be used, submitted recommendations which Government accepted in their entirety. Forty schools have been opened and two special Inspectors appointed to control them. As they have not yet been through their first year's examination, it would be premature to express an opinion on their success. I must however confess that the keenness with which these elderly agriculturists have set to work to learn to read and write, and the eagerness with which similar schools have often been demanded in neighbouring villages, has quite surpassed my expectations.

The last Conference asked Government to give special support to Co-operative Housing Societies. I am glad to be able to report that this branch of the movement is developing very well. Ten Housing Societies have already been registered and many more are under discussion. Government, as you all know, have complied with your request for special help and have allotted a grant of Rs. 5 lakhs on favourable terms for advancing to such societies.

The only resolution of the Conference, which has proved a dead letter, was that about milk supply. In famine years dairying is clearly a bankrupt industry, and it has proved quite impossible for us to make any headway.

Before I sit down I should like, if your Excellency will allow me, to make one or two remarks about to-day's Conference. In previous years it has been the custom to invite any one to attend the Conference who was known to be a leading worker or seemed likely to take an intelligent interest in our discussions. The number of such persons has recently increased enormously and it has been necessary to restrict invitations more closely in order to prevent our numbers from becoming altogether unwieldy. On this account we miss to-day the faces of some old friends, and we welcome many new recruits, who will, I am sure, add freshness and life to our deliberations. In order to make this Conference more truly representative and therefore more authoritative all notable societies and unions, containing English-knowing members, have been asked to elect delegates and most of those present to-day have come as duly authorised representatives of their own institutions. In this connection I invite your particular attention to a scheme set forth by Mr. Joshi for transferring the organisation of this Conference from the hands of the Registrar to those of Co-operators themselves and I shall be heartily glad if the sub-committee report that the scheme is practicable and that Co-operators are now willing to shoulder this burden for themselves. I am afraid that we shall not have the benefit of his advice in settling the matter, as he has written to me to-day to say that he has had the honour of being selected at very short notice by the Government of India to proceed immediately to Washington as the representative of Indian labour at the International Labour Conference under the League of Nations. I am sure that we all of us wish him god-speed and, as a good Co-operator, feel that no better representative could possibly have been sent.

You will note too a change of procedure, by which most of our business is to be transacted this year in Sub-Committees instead of in full Conference. I trust that you will agree that as the volume of business has expanded and the size of this Conference has grown so much, this will be the most convenient way of getting through our work. Delegates have been consulted as to the sub-committees on which they wish to serve, and the names of the sub-committees as finally constituted will be found notified on those blackboards.

In conclusion, Gentlemen, might I add a word of welcome on behalf of the officers of the Co-operative Department to those of you who are old friends of ours and to those whom we hope soon to be able to reckon among our friends. There is something about this Co-operative movement which binds its followers together far more closely than any other sort of public work. I find wherever I go a real spirit of mutual confidence and harmony among Co-operators. This is what makes our work so pleasant and so cheering to all of us, Government

officers no less than non-officials. I am sure that this Conference will do much to strengthen this friendly feeling and to help us to realize more and more that we are all working together for a common cause.

### III. Payment for Audit.

(APPENDIX I.)

*His Excellency* :—As I understand Rao Bahadur N. K. Kelkar has not been able to come here to-day I will ask Mr. G. K. Deodhar to speak on Rao Bahadur Kelkar's paper on "Payment for Audit."

*Mr. G. K. Devdhar* :—Your Excellency and Brother Delegates, in the absence of my colleague and member of my society, the Hon'ble Rao Bahadur Kelkar, who has been unavoidably prevented from attending this Conference to-day, I have been asked to summarise to you the views which he has expressed on the most important question of payment for audit. I shall, therefore, try to present to you, as briefly as possible, the views which he has put forth in his paper which he has submitted to this Conference. At the same time, I reserve to myself the right of criticising these views, because I might not agree with them. These views, as expressed by the Hon'ble Rao Bahadur Kelkar, are based upon his experience of the development of the co-operative movement in the Central Provinces, particularly in the direction of credit.

In the first place, the Hon'ble Rao Bahadur Kelkar answers this question of the payment of audit in the last paragraph of his paper when he says :—

"My answer, therefore, to the question before the Conference is, that the Government must continue to be responsible financially, as well as otherwise, for the Judicial functions including audit till such time as the societies are in a sound financial position to conduct and control, without prejudice to their primary obligations, audit through their own representative institutions such as Federation."

Rao Bahadur Kelkar has tried to adduce several arguments in support of his own proposition. In the first place he says that the time has not yet come for the movement as a voluntary movement to take up the question of audit, and therefore he calls the discussion of this question as more or less premature at this stage. His point is that so long as the movement is not able to take charge of all the functions that go to make the co-operative movement a success, and so long as the movement is not able to stand on its own legs, it is unwise to decline to receive any outside assistance or to dispense with outside assistance including assistance from Government. He thinks that the question of payment of audit should not be taken up or should be taken up when the broad or general question of the divisions of the functions of the various agencies in the field will come up for discussion. There are various stages of work in connection with the movement. You all know, as co-operators, the different stages at which the work is attempted, and he feels that the whole question of apportioning the different functions or the different administrative charges has got to be discussed, and when that question will be before the whole country, the question of determining what proportion of the audit charges should be paid for by primary societies and what by Government, or whether the whole of the audit charges should be borne by the movement or whether it should be paid for by Government, or whether there should be an admixture of both, should be decided. Until that movement comes, he feels that the question should be postponed. And when the time for the apportionment of functions comes, in his opinion he would have assigned to the people or to the public organisations the executive and administrative functions such as the work of organisation, actual management, supervision, and so forth, and to Government he would leave the function of registration, conducting of audit, settlement of disputes, and also the process of liquidation. Rao Bahadur Kelkar, however, does not want the people always to depend upon outside help. He wants us to learn the lesson of self-help. He is rather cautious, and he feels more or less constrained to confess that the time has not yet come when this audit should be undertaken by the societies themselves, so as to create confidence in the minds of the people, and it is for that purpose particularly that he insists upon the audit being maintained by Government.

Then, lastly, he says that in order that the audit should be efficient and independent, it must, as far as possible, be conducted on the present lines.

He, therefore, wants the liability of societies for audit and other charges to be postponed just now and, in his opinion the question should be discussed when the whole position of the movement in relation to Government will come up for discussion before the whole country.

This, in my view, is a brief summary of the paper. You know, gentlemen, how difficult it is to enter into the spirit of the views which a gentleman has formed after so many years' experience. I have tried to attempt as honest a representation of his views as possible, reserving of course to myself the right of criticism of these views.

*Rao Bahadur Malji* :—Your Excellency and Brother Delegates, in initiating the discussion on the paper written by Rao Bahadur Kelkar, I have, in the first instance, to point out to you from this very paper the ideal that is put forth in paragraph 5. The ideal therein mentioned is :—

“I am a thorough-going advocate of self-help. If the co-operative movement is to be a popular and representative movement in the real sense, it must be prepared to bear all the charges in respect not only of audit but also of organization, education, management, supervision, control and even registration. To be ideal, the movement must be able to go on without any kind of external help or concession, statutory or otherwise.”

That however, is, as I put it, the ideal of it and whether we have reached that stage or not is a point which we have all to consider here. In fact, the Governor of the Federation in the Central Provinces has given his experience in the last but second paragraph where he says :—

“Having regard to the experience I have gained, I am inclined to think that some of our Federation By-Laws, especially those relating to audit, are premature.”

Even in the area where there is a Federation working, the by-laws about it are found to be, in the experience of the Hon'ble Rao Bahadur Kelkar a matter which is considered to be premature.

Now, the question of audit, so far as the primary societies are concerned, is more or less concluded by the resolution of 1917. Unless, therefore, these societies have joined a Federation, no question of audit arises. Now, with respect to other societies, like Federation societies and in regard to societies such as store-societies, etc., certain views have been thrown out by the Registrar in his report to Government. Your Excellency, I think we have at present come to a stage of bifurcation. We are starting and trying to multiply primary sale societies and distributing agencies. In the first instance, therefore, to make these societies pay for audit is, I think, discouraging. By all means, we should encourage these societies. We must first bring them into prominence. Again, there will be the difficulty of finance and the monthly checking of stocks. I am not talking of yearly or six-monthly stock-taking. But in these new sort of societies, it will be necessary to have monthly checking of stocks. To saddle these societies with the burden of paying the audit charges would make it difficult to make them successful concerns. Therefore, I think it would be the first duty of Government, as far as I can see, to make these a success and make the people go in for such societies. If at all the societies have to pay audit fees, these should be the last to do so. I put down the payment of fees in this manner. First of all, the audit charges must fall on credit societies only. In the stores societies, distributing agencies, etc., you have yet to try and see whether the business would entirely succeed or not. How far it succeeds is a matter of experiment yet. I would then include first the District banks, then the Taluka banks and urban societies, and lastly the rural societies, and that would be on the scale of working capital only. As regards housing societies, stores, weavers' and other industrial and economic advancement societies, these should be the last to be brought in for audit purposes. As was very pertinently pointed out by Your Excellency, confidence is the foundation and bulwark of the whole co-operative movement. I submit that if the payment of audit fees is thrown on these societies and they are not found to respond to it in time, and also if the business of auditing is transferred substantially to these rural and other societies, you will have this difficulty that much of the confidence would be taken away. Depositors would not feel so comfortable and happy in

making their deposits. I believe that this faith should not be diminished, at least in the beginning. We are yet in our infancy. We are no doubt talking of self-help, but as rightly pointed out by the writer, this principle might be applied in other directions.

The next thing to which I would invite your attention is the following remark in paragraph 6 :—

“It is everybody's desire that all the troubles and expenditure so far incurred and the success so far gained in consequence thereof should not be lost simply on account of premature efforts to enforce the ideal of self-help.”

Now, what the ideal of self-help is from the writer's point of view is to be seen on page 2, paragraph 11 where he says :—

“Besides, even from a co-operative point of view it is not logical to make societies pay for service which is not under their control. That is not self-help.”

If you take away Government audit and substitute another audit through Government control, Rao Bahadur Kelkar seems to think that that is not self-help. In brief, as pointed out on page 3, he seems to think that the auditor's business is two-fold ; it is both examining and advising, and if that is to be maintained, surely things must go on as they are for some time to come.

In this stage of things, we have to consider whether we have reached a stage when the burden of auditing should be transferred by Government. I for one, as at present situated, would very strongly oppose the suggestion.

*Mr. K. B. Bhadrapur* :—Your Excellency and Brother Delegates, the question of payment for audit is one of the most pressing problems that co-operation has to solve in this country. It has been discussed on several occasions in several provinces, and so far as I am aware it has neither been satisfactorily nor finally solved. But the special circumstances of this Presidency make the solution of the problem somewhat difficult. The margin of profit of our societies is generally lower than in other Presidencies owing to the local rates of interest, the sowkars in our Presidency being much more liberal in their rates of interests than the sowkars in other Presidencies. Our societies borrow from the Central Bank at  $7\frac{1}{2}$  per cent., and lend at  $9\frac{3}{4}$  per cent. which leaves our societies a very narrow margin. Out of this they have to pay towards their establishment and towards their contribution to the central institute. All these things go to reduce the margin of profit which the societies make. In order to be able to build up strong reserve funds which they have to do, being generally dependent on outside capital. But for co-operative societies to be dependent on Government audit for ever is not consistent with co-operative principles. As your Excellency rightly pointed out self-help is the motto of co-operation. If we are to be true to this motto, are we to depend for ever upon Government or upon free Government audit ? I think a beginning should be made and I am glad to say that we have already made that beginning in making a contribution towards the cost of audit.

The central banks and all the urban societies are made to pay audit fees at present and proposals are before Government that all non-credit societies should arrange for and pay for their own audit. I think this is very satisfactory so far. But the question is whether we should go further than that. I am not for a further step so as to throw that burden on societies which are still in their infancy and are yet to develop. If we start a federation they will have power to levy fees under the Act and the margin of profit of the societies will be much lower. So what I am inclined to think is that if at all this conference decides to start a federation the federation will have to look to the audit of village societies and the village societies will have to pay for it. The question is, are we to include all village societies for payment of audit or are we to accept only developed societies. I am for excepting in the beginning only undeveloped and new societies. Societies that have a reserve fund of Rs. 5,000 might contribute towards their own audit.

I therefore think that if at all it is decided to start a federation and if the federations are given the power of levying fees, then the new and developed societies should be left out and only developed societies such as those that possess a reserve fund of Rs. 5,000 should be made to contribute towards the payment of audit.

With these words I take your leave.

*His Excellency Sir George Lloyd* :—As one or two speakers have pointed out the question of audit is very complex and very difficult and in order that the delegates can make up their minds more closely on the matter, I propose that a resolution which Mr. Deodhar is anxious to move should be placed before the conference and if any other member wishes to move an amendment he should be at liberty to do so, and we shall then come to a decision.

Government are prepared to take the views of the conference and on a discussion we hope to come to a right decision.

*The Honourable Mr. Lalubhai Samaldas Mehta* :—Your Excellency, before the resolution is moved may I be allowed to put in a suggestion. Mr. Ewbank has a paper on 'Federations', and would it not be better to move this proposed resolution after the discussion on Mr. Ewbank's paper on Federations ?

*His Excellency Sir George Lloyd* :—I should not object to that suggestion but I think that this a straight forward question of a general character and I think on the whole that we should better go forward with the discussion on Rao Bahadur Kelkar's paper.

*Mr. G. K. Deodhar* :—Your Excellency and dear friends, As it has fallen to my lot to introduce the paper of the Honourable Rao Bahadur Kelkar on the question of payment of audit, I think, in order to bring the discussion to some conclusion and in order that some definite proposals might be adduced, I am trying to place before you a resolution which runs as follows :—

“A free Government audit should be continued for the present except in the case of limited liability societies with a working capital exceeding Rs. 50,000.”

I shall be quite prepared to receive any amendment that may be suggested to this resolution.

In putting this resolution, I trust, your Excellency will permit me to make a few preliminary observations. Those of us who are closely acquainted with the working of the co-operative department and organization of non-official agencies that are taking interest in the co-operative movement, we notice a tendency and a distinct tendency which is more or less a very welcome sign of the awakening that is passing over the country. We feel, or at least some of us have begun to feel, that the burden of the movement should fall as far as possible upon the people themselves. I mean, some of the earnest minded non-official co-operators are feeling that the burden of the movement should fall upon the co-operative societies as your Excellency and the official agency feel, and in advocating that view they probably overestimate the real strength of the movement.

On the other hand I find that there is a general tendency on the part of some high officials of Government to transfer to the people the responsibilities rendering the co-operative movement more self-dependent.

In both these tendencies they are actuated or permeated by a genuine desire of making the co-operative movement really representative and popular in the sense that all the functions should be shared and managed by the people themselves. But as Rao Bahadur Kelkar has said it is no use being idealists, but that we have got to be practical. Rao Bahadur Kelkar has done his work in a backward province like the Central Provinces for about 15 years, and I think, his views are entitled to our best consideration. I feel as a practical man that we should be sorry to lose the sympathy and assistance that we receive from Government in the matter. More or less it has been of the greatest value as the initiative in this movement has been taken by Government. But there is additional reason, namely, that we are on a path of expansion, and so long as this process of expansion is to continue, we cannot cope with the additional work that will be thrown upon the people themselves. Moreover the co-operative societies that are being organised have not been able to bear the additional burden.

I therefore agree with the decision of the departmental conference that was held in this hall when a small number of people were invited, namely, that so long as the co-operative movement is in the condition as it is to-day and so long as nothing special has happened to change the present policy of Government, the

present system of audit need not be changed. I am afraid I am one of those who share that view, and I believe that there is a strong body of opinion that will share the same view.

I would therefore propose that the present position, namely, the charging of audit fees according to the certified scale of fees, should be continued and that societies that are in process of development and other co-operative organisations that are soon likely to be started should be exempted from the levy of all these audit fees. I believe we have worked very well according to the present arrangement, and if we do anything which is likely to disturb the confidence of the people so far as investments are concerned, we shall be doing greatest harm to the progress of the movement which is so dear to us all.

*The Honourable Mr. G. S. Curtis* :—Your Excellency,—In the course of his remarks Mr. Deodhar said that he has noticed on the part of high Government officials a sort of an expectation that co-operative societies should come forward to relieve Government of the burden which falls on them in the matter of audit. But I may assure this Conference that Government are not disposed in any way to seek relief of the burden of providing the necessary staff for the control and supervision of the societies.

But, sir, it seems to me that with regard to this question of audit there ought to be a middle course which really can be effected with satisfaction to all concerned. After all there is no reason, as far as I can see, why federal audit should not be secured. It ought to be possible, with your organization being what it is, to combine auditing by the federation with audit by Government staff. I have heard it suggested that it could be arranged that Government staff should audit the accounts of all societies once in two or three years, while private auditors should do it every year. It is I understand a common commercial practice for the firms to maintain their own staff of chartered or certified accountants who check the accounts from time to time, those accounts being in turn submitted to chartered accountants of high standing and repute.

There ought, I think, to be no difficulty for Federations to arrange with the Government staff that they themselves should audit the accounts of these societies on certain terms and that the Government staff should do the rest. In any case, I can assure the Conference that Government do not grudge the money which is at present spent on the audit staff. Of course, as it is recognised, in course of time, the time must come when these particular functions will, in the natural course, be undertaken by the Federation, but there is no reason whatever why, up to the limit indicated by Mr. Devdhar in his resolution, the present arrangement should not continue.

*The Honourable Mr. Lalubhai Samaldas Mehta* :—Your Excellency and Gentlemen,—As the Honourable the Finance Member has just now said, he wants the audit by the Federation or whatever the organisation may be to be carried out in a way in which it will be working in co-operation with the auditors of the Government. That is a proposal that was recommended by the Committee on Co-operation. It was then suggested that the primary societies should have a regular audit done under the direction of some non-official organisation, and that super-audit, or what the Honourable Mr. Curtis calls Government audit, should be done once in two or three years. It is a question, then, to be carefully considered, whether it is not possible for this audit to be taken in such a way that the super-audit of the Government should be merely a checking of what the auditors of the Federation do. I take it that this question should be threshed out, as to who should organise it, whether a non-official body of Divisional or Presidency auditors or whether there should be another body of powers given to them under the statute (because the auditors will have in any case powers given to them under the statute by the Registrar) or whether the Registrar will have to be consulted once more.

I therefore beg to suggest that this question might be left open till the next Conference. In the meantime a committee may be appointed now to consider the whole question as to the way in which the super-audit or Government audit should combine with the audit of the non-official organisations. I therefore move an amendment "that this question be referred to a committee, of which I will hand in the names in a few minutes," who will sit at the close of the Conference,

then come to some decision, and submit a report before the day after to-morrow, on which day the question might be considered, and if not, the committee may be given one year and the resolution might be submitted at the next year's Conference.

Before closing, I thank the Honourable the Finance Member for the assurance just now given that Government is not going to grudge the money now spent on auditing.

*His Excellency the President* :—I shall now ask my honourable colleague to take the chair. I shall hope to be present as much as I can during your deliberations, but I am sure that members of this Conference will realise that I have a great many other engagements and I cannot be here all the time.

His Excellency thereupon withdrew and the Honourable Mr. G. S. Curtis occupied the chair.

*Mr. R. B. Ewbank* :—Sir,—While the Honourable Mr. Lalubhai is drafting his list I should like to remind members of this Conference that they really are in a sort of dilemma on the question of payment of audit, because if members want to move in the direction of self-help their first step ought to be to take over to some extent this duty of auditing. In point of fact there is no method of control, by which co-operative societies can be said to be controlled in anything like so thorough a manner as audit, and so long as the audit remains entirely in the hands of the Registrar, I think you may take it that the control of the societies remains in his hands also. It is a matter for the members themselves to decide. Government have said that they are willing to bear the expenses. But if you really want to go in the direction of self-control and self-help, then audit is one of the directions in which you will have to shoulder the burden. I want to make this point quite clear, because I realise it is easy to leave the staff of Government to undertake the audit, but it must be realised at the same time that in doing that you are making the formation of Federations very much more difficult. Unless Federations and other institutions have a regular income from audit fees, I do not see how you will be able to keep them going at all.

*Mr. Khan Abdul Majid Khan* :—Sir,—Mr. Devdhar's proposal is that he wants to levy the audit fees only on the limited societies and the unlimited societies should be left out. As we all know, and we have said so many times, the principle of co-operation is self-help and self-reliance. Why should we not levy audit fees from the unlimited societies which raise their own capital, are self-supporting, not relying for help on other agencies and working on their own resources? Societies of this sort may go on multiplying. I therefore move an amendment to this resolution.

*The President (the Honourable Mr. Curtis)* :—Order, order. I am sorry to interrupt the gentleman. The resolution before the Conference is that free Government audit should be continued for the present except in the case of limited societies with a capital exceeding Rs. 50,000. To this resolution an amendment has been moved by the Honourable Mr. Lalubhai Samaldas that the question of having non-official audit organisations and of super-audit by Government be referred to a committee and that the committee be asked to submit their report, if possible, by the evening of September 16th. We will now proceed with the discussion of the amendment.

The names of the members of the committee to whom the question is to be referred; as given by the mover of the amendment, are as follows :—

The Honourable Mr. P. J. Mead,  
Dr. Mann,  
Mr. C. V. Mehta,  
Mr. G. K. Devdhar,  
Mr. Ewbank,  
Rao Bahadur Malji, and  
the mover (Mr. Lalubhai Samaldas Mehta).

*Rao Bahadur R. G. Naik* :—I second the proposal of the Honourable Mr. Lalubhai Samaldas to refer this question to a committee.

The resolution, as amended by the Honourable Mr. Lalubhai Samaldas, was then put to the vote and carried.



The President then declared that the original motion proposed by Mr. Devdhar was negated by the adoption of the amendment.

#### IV. Co-operation and the Educated Classes.

(APPENDIX II.)

*The Honourable Dr. Sir Devi Prasad Sarbadhikari*.—Chairman and Fellow-delegates,—In the first instance I have to express my supreme obligation to the authorities for extending to me a very kindly invitation to this important and interesting Conference and I have to convey to Mr. Ewbank my personal obligations for the handsome terms in which he couched that invitation. I am afraid, however, I am going to disappoint you. Sir, the interest of the Head of the Government, of which we have had so eloquent testimony this morning, I am sure, will be a great asset in the advancement of the cause in which you and I are all interested: I was going to say, “which I love and which has brought me all this distance in not a very pleasant season.” Similar testimony in my own presidency has been furnished by Lord Carmichael and Lord Ronaldshay, which has helped us on very considerably in a somewhat critical condition of affairs. Not only the patriotic British statesmen at the head of affairs, but also the Government as a whole has shown earnest interest in the question, and I for myself fail to see any sign or indication of its being toyed with as an eye-wash as some people choose to call it by way of expiation for neglecting us. There is an increasing indication that that sentiment and that attitude of mind in connection with this question of an all-absorbing interest would be as unfair as indiscreet. State control has by and by to be removed from this field of public operations as from many others, but I am entirely at one with those who preceded me this morning that at the present moment the withdrawal of that control would also mean a withdrawal of public confidence and nothing could be more fatal to the progress that we have all so much at heart. The gigantic nature of the work must be clear to us all who give one moment to the consideration of the comprehensiveness of the situation, and we want an army of workers organised and disciplined, steady and devoted, to take up this big burden, and I say to my educated countrymen that it must be essentially the educated man’s burden. In education our process and policy has been filtration downwards, and it has been fairly successful so far despite adverse criticism. In the field of co-operation it has been the other way—filtration upwards commencing naturally with the neglected agriculturist. But it is a good thing that it has come to stay, and in other domains of public utility co-operative principles have been largely and will be still more largely utilised. Where are the workers to come from, honorary or paid? We occupy not more than a very meagre fraction of the field. Our educated countrymen I am afraid have long shirked their clear duty in the matter. It can be shirked no longer. In a somewhat difficult work Government have taken the initiative and begun it well. It is up to us to take up this burden honestly and in right earnest. That duty can no longer be kept in abeyance. What are we going to do? There is a Mahajan, there is a Sowcar, who this morning I learnt with some surprise is more moderate in this Presidency than in mine; there is the Sowcar crude and refined, the banker, who has his own ideas of things and who does not view the co-operative movement very favourably as yet. We have to fight many enemies and popular opinion must be built up and built up on sound lines, on lines that have been clearly indicated by His Excellency the Governor, lines of confidence without which the whole of the superstructure will be bound to come down. Well, in my own Presidency, where the movement is still struggling, I am afraid I cannot quote figures such as His Excellency was able to quote this morning. We are going slowly. We can there at all events feel, if you yourselves, at all events the majority of you, do not feel, that State control and popular care must go on side by side for a little while yet and our co-operative organisation societies and various other non-official bodies that have arisen during the last few years are trying to tackle the situation as well as possible. I have in hand a somewhat long list of our activities, crude and unsatisfactory in most instances, but, we believe, with hope of possibilities. I shall not tire out your patience as you have much to do this morning, but one item I venture to place before you which I am sure will arrest your interest; as I was leaving for Poona I received notice of a meeting of our post-graduate council to-morrow. There was an important item of business. It was a society for the organisation of university co-operative stores. It was a scheme upon which we



have been working more or less nebulously for the past two years, and I am glad to think that the scheme is now about to materialise. I bring that ideal to you, brother delegates, as our message, our hope, felicitation and goodwill, on the eve of your entering upon the important deliberations of this Conference, and you will allow me to take back responsive goodwill. That I am sure will hearten your co-workers in backward Bengal. Well, in the Western Presidency you are much in advance in many things. The Calcutta Corporation is always paying you the compliment of trying to borrow from Bombay.

There is another sphere of usefulness in which we have been attempting to do things which have long been neglected. The housing scheme on which so much has been done in Bombay is still in an embryonic stage there. We have just taken it up. Cheap and good food supply, menials' and clerks' co-operative stores, provident funds for establishments, nursing and maternity care and various other things; all that could be done on co-operative principles is being attempted by the Corporation of Calcutta. We have the university branch of the Corporation of Calcutta, we have the various non-official organisations that we have started. All are honestly trying to tackle the situation and if I appeal strongly to my educated countrymen for taking up their burden it is given to me to claim that partially that burden is being taken up. But the other day Professor Coyaji, who is well known in this part of the country as well as my own, read a paper at which I had the honour of presiding, in which he paid the Bengal workers a compliment. He was speaking of the Employees' Society which has been daily gathering strength. In three years its capital has risen from 15 lakhs to 20 lakhs. He called it not only a pioneer but also an exemplar; but in paying that compliment, gentlemen, I am afraid he was adroitly reminding us of so much to do but so little done. That must be always present in the mind's eye of educated India, and lack of resources can never be pleaded properly as a bar to further progress. The other day the Honourable Mr. Howard reminded the Supreme Council that Company Capital has leapt up from 29 crores in December to 76 crores. There are companies good, bad and indifferent; companies about some of which Bombay and Calcutta have been mutually complimenting one another, and I think Mr. Ewbank will now be no longer able to complain of our mistrust of investments. How then can we honestly say that there is any lack of resources? What is the lack, gentlemen? Let us ask ourselves honestly. It is the lack of the will to do, the lack of organisation. His Excellency the Governor spoke of enthusiasm and organisation, elements for complete co-operative success. Your Presidency may be fortunate in that. Mine is not yet. My appeal made therefore falls flat upon the educated people of western India, but I hope it will travel back to Bengal and recoil there, and enable Bengal to follow the path on your lines. I was very much struck with the figures that His Excellency the Governor quoted. I did not bring my own figures, but I was able to borrow from the office some old documents of 1918 that gives 3,643 societies with 1,00,062 members and Rs. 10,00,00,093 of capital. (Cheers.) I am afraid, Bombay friends, that we are perilously near you and we increased by 42,00,000 from the year before last to last year. I have not the present year's figures for you and I shall not be surprised nor sorry if we have beaten you there and if our capital happens to be two crores. But that is not the point. I should not boast of the number of societies or members or even of capital. You can raise 79 crores of rupees for good, bad and indifferent companies.

Honourable Mr. Lalubhai Samaldas :—I hope all good.

Honourable Sir Dr. Sarbadhikari :—Yes, I hope so, and I hope it will be my privilege to increase banking facilities in Bengal, and you Bombay people who do not know what to do with your money will have to come to Bengal and help us there to start new companies, without which this co-operative movement will be bound to come down spluttering like a painted toy. It is now watching the chance. What is educated India going to do? What is wealthy India going to do for building up popular credit, without which your Reform Scheme with its increased taxation will fall flat? Conjure up your finances, build up your credit on popular, safe and correct lines. That is the only chance for progress by co-operative societies. That is the only chance for nation building and for building up of man-power and wealth on which the reconstruction of world depends.

Here also is a field for organization which will form a large part of the educated man's burden. The organization of the people's resources, however slender individually, would be an untold asset in the determined and honest co-operator's hands. They will with judicious use of their resources be able to organise trade, agriculture, commerce, industries, education, sanitation as well as finances on unassailable lines. They will also be able to help ordered progress and stable Government in a way not yet realized. National reconstruction in all its branches requires steady building up and organization of man power which is really the power of wealth. This is needful not only for martial but also for the practical purposes of keeping at bay the horrors of capitalism on the one hand and rapidly spreading Bolshevism on the other.

We have been trying to send out roots down into barren and lifeless sand long enough and are very much in arrears with life's opportunities and responsibilities. The "has beens" have now to be "determinedly scrapped for the very life of the nation" in Lord Fisher's vigorous language in another connection. It is time for us to square ourselves with life. We are very much in the position of Nalakuvara and Manjiub, who had grievously abused their opportunities, according to the beautiful episode of Jamalarjuna in the Srimadbhagavat. Now that the Lord's sacred contact is about to release us from long standing bondage, let our fervent prayer be with the released brothers that our tongue and hands may have no further or other work than that of the Lord, which is the service to humanity, in which He delights and which alone is His True worship.

Let us take that solemn and sacred pledge now and here, for Now is the appointed hour. In the latest words of Ella Wheeler Wilcox, who though of the West, is downright Eastern in her thought, sentiments and experience—

Let us feel and feel fervently that—

There is no reconstruction of the whole  
Until God wakes in every soul.

Let us with him pray that—

In the large laboratory of mind  
Work out the reconstruction of the heart  
Until each thought, each impulse, does its part  
Towards building that new world, where men are kind.

Let us with her remind a gratuitously drooping world that—

The retrospective sorrowing mind of grief  
Was never known to have constructive power.

And let us with the poet and seer charge, hopefully and prayerfully—

On thy own self, on thy own self, commence—

And that is how

We shall reconstruct this battered world  
And gather up the fragments one by one.

In the crucible out of which the cindered world has just emerged, there is no West or East. The Twain met there and met effectively; let us hope never again to be torn asunder. If they met and were made as one on the glorious field of war, how much more beautiful and lasting would be the union in the still more glorious Field of Peace, with its greater Triumphs and Victories and still greater hopes—a field.

Where Law is Law, and that word  
*Brotherhood*  
Long mouthed by men, at last is  
*understood.*

*The Honourable Mr. G. S. Curtis*:—Gentlemen, we are all grateful to the Honourable Dr. Sir Devi Prasad Sarvadhikari for his eloquent address and we shall also be very much interested to learn, when he has got them ready, the figures of Bengal and Bombay, in order to see which Presidency has won the race. For the present, I think, the betting is on Bombay. But it is a matter of race and let us hope at any rate that the spirit of his address will inspire all of us and as he has

said, let us hope that the root of this movement will go down deeper and deeper throughout all communities.

I now call upon the Honourable Mr. Lalubhai Samaldas to introduce his paper on "the Place of the Central Co-operative Institute in the Provincial Co-operative Organization."

#### V. The place of the Central Co-operative Institute in the Provincial Co-operative Organisation.

(APPENDIX III.)

*The Honourable Mr. Lalubhai Samaldas* :—Mr. President and brother delegates, I am rather at a disadvantage when I follow an eloquent speaker like the Honourable Dr. Sir Devi Prasad Sarvadhikari, and I hope you will all forgive me if I cannot come up to his standard.

In my paper I have only laid before you my own ideas as to what ought to be the place of the Central Co-operative Institute. The paper has been printed and has been in your hands for the last one hour. I will refer to a few points mentioned in it and leave it to you to read it and criticise it afterwards if you so desire. I am not going to move any resolution on this paper because the remarks of His Excellency the Governor this morning leave a very great hope in our minds that Government will always support any movement that is pre-eminently co-operative whether it is run by officials or non-officials, or generally as the Central Co-operative Institute as it is being run at present.

One other matter which I have referred to in this paper was referred to by Mr. Ewbank when he said that Mr. N. M. Joshi has suggested that the provincial conference should be handed over to the Central Co-operative Institute. That is one of the matters that I want this conference to decide and Committee No. 4 that is to sit to-morrow will be able to give their opinion on that subject. As those of you have read my paper must have observed I have provided for the future of the Institute in our heads, (a), (b), (c) and (d). In the first place I want that the Institute should work hand in hand with the honorary workers. At present, their work has to be supervised by the Registrar and that throws a great deal of burden and responsibility on him. If we could to a certain extent take off that burden from him and work with some non-official organization in the mofussil, it will be giving him more freedom to do his heavy work.

Then there is another aspect of the movement by which this Co-operative Institute can render itself useful. His Excellency when he presided at the meeting of the Central Co-operative Institute in Bombay made a very valuable suggestion, namely, that in order to help the purchasing societies that are shortly to be registered in every Presidency, it was absolutely necessary that there should be one Central body in Bombay to assist them financially. Government, as they usually assist these organizations, have promised to appoint one special extra assistant Registrar for this purpose. But he cannot be in touch with the merchants in Bombay and mofussil towns and it will be necessary that these societies should be helped and that there should be one central body in Bombay that should help them.

Delegates will be interested to know, sir, that the committee of that institute appointed for this purpose met recently under the chairmanship of my honourable friend Mr. Purshotamdas Thakurdas, than whom we cannot find a man better qualified for this class of work, and they have passed a resolution to have a central home for the wholesale purchase and sale society. That central home is to help the societies with a friendly advice, to be given gratis, and is to put the purchaser and consumer in touch with each other, and later on it is hoped that the central home may be able to deal with indents posted by other parties also. But that question has not been finally settled as yet. That question is to be decided upon by the committee. The committee of the Central Co-operative Institute have come to a decision that they must have one central store to co-ordinate all the activities in the mofussil. That is one work that the Central Co-operative Society has to do.

We in the Co-operative Central Bank are receiving applications for guidance from various newly started societies. This is another work that can be done by the Central Institute. They can send Inspectors to help the new societies in the matter of supervision and training.

The third class of work that I would like to suggest has already been suggested by Mr. Joshi. And the fourth class of work is the work of federation. But Mr. Ewbank, the Registrar, has prepared a draft for the federation and he is also to read a paper on this subject.

These are the four main lines of activities which I want the Central Institute to take up and I want it to be understood that we in Bombay of the Central Co-operative Institute are ready to render all assistance in co-operative matters as regards stores or propaganda, supervision or any kind of work that we can do.

*Rao Bahadur R. G. Naik*:—Mr. President and gentlemen, the ideas that are mooted in the paper just now read to you by the Honourable Mr. Lalubhai Samaldas are worthy of the serious consideration of all the non-official co-operators in the Presidency and I myself am one of the honorary workers and I have been working in the field for the last three or four years. I was working in the district and I am now working in the division and I am also a member of the Bombay Central Co-operative Institute.

The Honourable Mr. Lalubhai wants the Co-operative Department to hand over the services of honorary workers to the Bombay Central Co-operative Institute and he also desires that the work of organizing district, taluka and divisional conferences should be done under the auspices of the Bombay Co-operative Central Institute. The Bombay Co-operative Central Institute was started only a year ago and its funds so far as I know are not very large and he wants the Registrar to hand over all the funds available with him from the Government grant to the Bombay Central Co-operative Institute for financing all the Co-operative Societies throughout the Presidency.

I for myself believe that the idea of the Honourable Mr. Lalubhai is too premature. Unless and until the Bombay Co-operative Central Institute builds up a fund of its own which with a small grant from Government would be sufficient for the organization of the supervising and inspection staff of the Co-operative Societies throughout the Presidency, I believe it would be in the interests of those Societies not to undertake such a heavy task at such a moment. It is the non-official organizers that have been distributed throughout the Presidency who know more about the advantage of the present system of working under the auspices of the Co-operative Department. Some of the honorary organisers do not even know the objects of the Central Institute and most of them, I believe, are not even members of that Institute and I am not sure whether they would consent to go at once under the auspices of the Bombay Co-operative Central Institute.

I think the same remark applies to the organization of divisional or district conferences. We have all our sympathies with the Bombay Central Co-operative Institute. We do want to build up a central organization in the Presidency but at the same time, so far as my experience of these conferences organized by local efforts and local contributions goes, I believe the Bombay Central Co-operative Institute would not be in a position to finance the holding of district and divisional conferences.

I therefore would humbly request all my brother co-operators, both official and non-official, to consider seriously this question.

*Mr. Bhadrapur*:—Mr. President and gentlemen, there are many honorary workers who are mainly engaged in the work of inspecting and organising societies, and if they are to work under the auspices of the Central Institute, I really do not understand what work the Institute would expect out of them. It is not a registering body, nor is it an inspecting body. So far as the work of the honorary organisers in the direction of organising Conferences and doing some propaganda work is concerned, the Institute might undertake that. But I do not quite understand how the honorary organisers can work under the auspices of the Institute. Then again, I think, if all kinds of propaganda activities are to be concentrated in the Institute, the Institute might at present not have sufficient funds for the various local activities. But we might have our own funds, and then work under the auspices of the Institute and thus concentrate all our activities in one direction. Gradually, as the Institute gets funds, it may be in a position to represent these local activities. I do not see any objection to concentrating the various activities in the Institute, but I do not quite agree with the Honourable

Mr. Lalubhai Samaldas that honorary organisers should work under the auspices of the Institute.

*The Honourable Rao Bahadur S. D. Garud* :—Mr. Chairman and gentlemen, as one of the honorary workers interested in the Co-operative Department and working under that department, I think I may be permitted to express my views about what the proposer of the resolution, the Honourable Mr. Lalubhai, wants. I am afraid I cannot agree with what he says. The proposal which has been brought forward is, I think, at the present stage, rather premature. The Central Co-operative Institute, of which I am also a member, has just started work, and, as has just been said by Rao Bahadur Naik, its funds are not yet so abundant as to enable it to take up the burden of organising the work of co-operation in the whole of the Bombay Presidency. According to the proposal which has been brought forward at this stage, the Honourable Mr. Lalubhai wants to throw the whole burden on this Institute. I think this is premature. I do not know whether it has been discussed by the Institute itself and whether it has the sanction of the Institute, and I do not know whether it would be willing to take up that burden at this stage. The Honourable Mr. Lalubhai should, I think, in the first instance, go to the Co-operative Institute itself, define his proposals, discuss them, and then bring them forward in this Conference for the sanction of the members.

*The Honourable Mr. Lalubhai Samaldas Mehta* :—Mr. President and gentlemen, the Honourable Mr. Rao Bahadur Garud asked me a direct question whether I had consulted the Central Co-operative Institute. I have openly said here that these are my own personal ideas as Vice-President of the Institute and a humble worker in the co-operative field. I have only one more explanation to give.

Rao Bahadur Naik did not perhaps clearly understand my meaning. Perhaps, I have not made myself quite clear. I have said that there is the work of organising annual or biennial provincial conferences and also helping at the formation of divisional, district and taluka conferences. We at the centre cannot organise this. But as the Honourable Rao Bahadur Garud says, if these honorary organisers are members of the Institute, we can very well request them, as our representatives, to have district or divisional conferences arranged. I do not see why they should object to an institute of which they are members undertaking this sort of work.

*The President* :—The proposals that are before the Conference are, as the Honourable Mr. Lalubhai said, his own proposals. I do not wish to take the sense of the Conference on them. I would now call upon Mr. Ewbank to read his paper.

## VI. Federations.

### (APPENDIX IV.)

*Mr. R. B. Ewbank* :—Mr. President and gentlemen, the paper which I am to introduce to you to-day is very closely connected indeed with the paper just read out by the Honourable Mr. Lalubhai, and I hope that you will not consider his paper as entirely shelved until you have considered this subject. I think that these two questions—the place of the Central Co-operative Institute, and the formation of federations—are, as far as I can see, the most vital questions that we have now to face in the movement. I think, gentlemen, the Vice-President of the Institute, the Registrar, and Government have a right to get advice and help from you on this very difficult position in which we find ourselves now. In the discussion of the Honourable Mr. Lalubhai's paper, very few people have spoken and we received, if you will forgive my saying so, very little advice indeed from you. I hope you will be good enough to listen to my paper carefully and let me know whether you object to the proposals or whether you wish them to be carried out. Unless the Conference gives a clearly defined opinion, the best course, it seems to me, would be to dispose of this question in sub-committee.

The proposal is that there should be an Institute in Bombay, and in order to enable that Institute to work in the rural districts, the Honourable Mr. Lalubhai makes certain suggestions. I do not think that these are entirely sound proposals. My own proposal is that we should have local federations, organised on democratic lines and representative of societies. The paper which I propose to read out to you, if the President will allow me, explains in detail how the functions

of these federations are to be defined and what exactly they will do. The federations are closely connected with the Institute and will, in one of their aspects, act as the local agents of the Co-operative Institute as I understand the scheme.

[The Paper on Federations printed as Appendix IV was then read out.]

In reading paragraph 2 Mr. Ewbank observed :—

(A) That would be supplementary to the Government audit.

(B) The organisers of the Conference will find out from the Central Federation what help they can get from it. They can also organise new lecture series. I think it would be a great mistake for local conferences to reject or turn away from the help which they can get in this way.

(C) You know gentlemen, it is said that the Government supervision is not effective because Government Officers are not vitally concerned in the matter. It tends rather to be mechanical and routine, whereas supervision by a Central Bank tends to look to the security of the society. Therefore, federal supervision is very desirable.

(D) I think most gentlemen who have served on Central Banks or Urban Societies know the difficulty of arranging for their staff. These federations would be useful in helping societies to establish a definite cadre of salaries for their employees.

*Canon Rivington* enquired what the relations would be between the Federation and the Central Institute. He asked whether these two were two organisations working together or were they to be quite separate bodies. He felt if that was explained to them, they would know where they were being led. The federation scheme seemed to be an extremely good one. If the Central Institute was going to have any local committees which would deal with local questions, then what would be the place of this federation scheme. If on the other hand the federation was going to be a local body which would deal with local questions asking for advice from the Central Institute when it needed, that would be a position which he thought they should all be very glad to accept, but what he feared was that gentlemen in Bombay Central Institute would not all perhaps be fully acquainted with local conditions in the mofussil and these gentlemen might control them in a way that they should not be willing to accept. He thought if this matter was made a little clearer they should be glad then to express their views on the subject.

*The Honourable Mr. Lallubhai Samaldas* :—I was myself not quite sure what the position of the Central Co-operative Institute would be. If the Federation was started, it is quite natural that they would require some organisation on their top. Practically this will mean two rival institutions or institutions doing the same kind of work. There are only two ways to do it, as *Canon Rivington* said, either the Central Co-operative Institute might be allowed to have local committees or to give the federation representation on these committees and might I merely suggest to them that whenever they need our advice they would always find us willing to help them all they can. We would not be autocratic in any way; though not in touch with the mofussil, we would not hamper their work. In the Co-operative Central Institute, *Canon Rivington* ought to know and I believe does know there are members who do not represent Bombay only but who come from different societies all over the Presidency and I believe he himself is a member of the Board and as such I think he will be satisfied when I say that the institute as it is managed at present will not in any way do any work that is not approved of by the mofussil co-operators but may I suggest that this work which is also very important work should be given to the same committee to which the question of audit has been referred.

*Rao Bahadur Naik* :—I believe that a federation would be a distinct body which would be affiliated to the Central Institute at its option. I believe that the Central Institute is not now in a position to undertake all those functions which the federation can do in the different districts of the Presidency. I know that there is some difference of opinion with regard to the question of the different institutions being ripe for federation; so far as I know the division from which I come, namely, the Southern Division, I know that co-operators in this division are ripe for federation.

*Mr. Ewbank* :—If I may suggest, the question of referring this question to a committee depends very largely on how far this conference itself acts as a committee. If this conference clearly lays down its approval to this scheme, then

perhaps there is no need to delay any longer by referring it to a committee. If it is held that it must be referred to a committee, then I should suggest that one or two more names should be added to the committee already appointed.

Since Canon Rivington asked me a definite question as to what the relations of the Central Institute should be in regard to this federation, I think I should give a plain answer. If you look at the prospectus of the Institute you will see that it is at its present stage intended to promote all forms of propaganda, research, training, education and organisation but does not refer to any control in any sense which enables the Institute to interfere with the internal affairs or the conduct of any society that joins it; such powers have not been given to the Institute nor as I understand them are they desired by the Institute. The federation will hold an independent status and having got their own by-laws registered and nobody, neither the Registrar nor anybody else, can interfere with them. I think that is clear.

*Canon Rivington* :—I notice that the federation is to promote all sorts of propaganda, i.e., you will have two propaganda activities, the Institute one and the federation one.

*Mr. Eubank* :—In propaganda matters the federations would act as the local agents of the Institute.

The Honourable Mr. Curtis, the President, reads out a formal motion proposed by Rao Bahadur Naik :—

“ That it is the opinion of this conference that if the Societies in any division come forward to form a federation, the Registrar should be requested to draft suitable by-laws, as outlined in his paper, for its organisation and working.”

*The Honourable Mr. Garud* :—Mr. Chairman, this proposal of having federation was discussed at the instance of the Registrar in the meeting of the co-operators held in Poona in April last and it was then thought that it ought to be more carefully considered by a Committee before any definite steps on this proposal were taken. There are several questions involved in this proposal and it is not definitely known as to what powers this federation will exercise over co-operative societies or what liabilities will be imposed upon them and whether co-operators in the mofussil are yet able to undertake those liabilities. I therefore think that the proposal made by the Honourable Mr. Lallubhai that this proposal should be referred to a committee for consideration should be adopted, and I move the following amendment to Rao Bahadur Naik's resolution :—

“ That the question of the formation of federations be referred to the Committee appointed to consider the question of audit with the addition of the following names :—

Rao Bahadur Naik  
Mr. Gonehalli  
Mr. Wood  
Mr. Jambhekar  
Mr. G. J. Padhye

Honourable Mr. Garud  
Canon Rivington  
Mr. Ankaligi  
Rao Saheb Valvekar

and to report to the next Conference.”

*The Honourable Mr. Curtis* :—The original resolution before the conference is (reads) :

“ That it is the opinion of this Conference that if the Societies in any division come forward to form a federation, the Registrar should be requested to draft suitable by-laws as outlined in this paper, for its organization and working.”

To that resolution the following amendment has been moved (reads) :

“ That the question of the formation of federations be referred to the Committee appointed to consider the question of audit with the addition of the following names :—

Rao Bahadur Naik  
Mr. Gonehalli  
Mr. Wood  
Mr. Jambhekar  
Mr. J. G. Padhye

Honourable Mr. Garud  
Canon Rivington  
Mr. Ankaligi  
Rao Saheb Valvekar

and to report to the next Conference.”



The amendment will now be the subject of the discussion before the conference.

*Mr. Manoli* :—Mr. President and brother co-operators, the question of federation, as proposed by Mr. Ewbank, is an important one and it has been discussed thoroughly in the committee which was held the other day in the Registrar's office. I therefore request the conference to carry out the resolution.

As explained by Mr. Ewbank the functions of the federation as well as the institute, though of the same nature, can be performed by both distinctly. I think the question should be decided at this conference instead of postponing it for further discussion, because the question, as I have already said, is an important one.

Mr. Ewbank has thoroughly discussed the point in his able paper to-day and I think the members of this conference will not feel any doubt as to the urgency or the importance of the question.

Mr. Ewbank has proposed in the first instance that a federation should be started for Dharwar and Belgaum, and in Poona and Satara. And I think instead of entrusting the matter to a few gentlemen, it is better that it should be thoroughly discussed now in this conference once for all.

With these few words I beg your leave.

*Mr. Gonehalli* :—Mr. President and gentlemen, we have at present before the conference a resolution and an amendment.

In the substantive resolution, Rao Bahadur Naik of Belgaum, a divisional honorary organiser, proposes that a federation by co-operators be started at once. The amendment suggested by the Honourable Mr. Garud and supported by the Honourable Mr. Lalubhai is to the effect that all consideration of any federation whatsoever be postponed for one year.

I for one think that the amendment, however good it may be, is not proper or quite encouraging. Here is a distinguished co-operator and honorary worker for the last ten years coming forward on behalf of his mofussil societies in the Southern Division and Karnatic, who proposes to start a federation at once. He wants to start a federation at Belgaum because he says his societies in Belgaum and Dharwar and the Karnatic are ready for federation. And I do not understand why we should prevent him from starting one by calling on the conference to postpone consideration of the whole question almost indefinitely or at least for one year. I personally think that if any local co-operator would think of starting a federation on the lines proposed by Mr. Ewbank in his paper on federations, I believe they ought to be left a free hand and they ought to be allowed to go on according to their own finances, ideals and capacities to do it. I believe that that sort of freedom ought to be left to local co-operators to study local conditions.

Secondly I want to point out to you that a rural co-operator like my friend Mr. Manoli, even a rural co-operator of that type, who is a worker in the field, comes forward and says that a federation is wanted in Belgaum and Dharwar. And why, I would again ask you, should we stop these people? Why should we wait for one year? Is the conference sure that if the question is postponed, it would be able to come to a conclusion in one year? The bye-laws of the Federation have been going round for the last one year and they have been discussed three times.

Personally I think gentlemen that we should be charitable enough to allow the local co-operators to work out their local destiny in their local way. Therefore I strongly appeal to my friend, the Honourable Mr. Garud, to consider whether the substantive resolution of Rao Bahadur Naik should be allowed to pass or that it should be amended in the way he has suggested.

*Mr. Rajadnya* :—Mr. President and brother delegates, our societies are now ripe for a federation as we have got six lakhs capital. We have now been working for three years and we think that we can now work a federation on the lines proposed in the paper of the Registrar. The Registrar has drafted the bye-laws of the proposed federation and the question has been considered by the Central Co-operative Institute in Bombay last month and also leading co-operators have given their consent to the principle of federation. I therefore think that the principle of federation is a good one and ought to be accepted by the societies or by unions which are willing for starting a federation, and so far as Satara is concerned I say that our societies and unions are quite ready for a federation. Those districts which are in the back ground in this matter might wait for the present and look forward to the results of other districts which start federations.

With these words I support the resolution of Rao Bahadur Naik.



*The Honourable Mr. G. S. Curtis* :—The question before the conference is the amendment. I suppose Mr. Rajadnya opposes the amendment.

*Mr. Rajadnya* :—I oppose the amendment.

*Rao Bahadur Chitale* :—Mr. President and gentlemen, I would request members of the conference to consider the question from rather a distinct point of view. It is no use bandying words such as 'federation' and others. Really speaking, we understand very little of these names. In fact, even though those words are used, unless we see their fabric, the proportion or the relative value which it bears to a particular organisation, the Central Institute or otherwise, it is likely to lose its value. I have been reading the paper by Mr. Ewbank, and it is surprising that simpler matters such as unions are not even taking root satisfactorily in areas where co-operation has been spreading and has been existing for a number of years. The movement, in order that it may be sure, must be slow. As a matter of fact, there is no necessity to jump from one organisation to another unless we gather and collect sufficient experience of our organising capacities.

Gentlemen, I have no objection to the starting of federations anywhere, if you or your clientele, or these societies, or the larger number of members understand the word properly. Even for myself, unless the fabric is given, unless other things are known, I am not willing to vote either way. In fact, if you realise once for all that the co-operative movement is going to be a people's movement, and it ought to be a people's movement, then there must be a central organisation somewhere. You have already seen that that central organisation has been created and has been existing in Bombay. If all these local federations are allowed to be created in local areas without having the relationship exactly defined to the Central Institution, according to the local needs, I am afraid the organisation is likely to be slipshod, and would not achieve the object which we all co-operators have in view. I should, therefore, think that the amendment is the proper way. One year is nothing in the organisation of such big institutions. As a matter of fact, let the whole problem be looked at by a select committee of people who have had enough experience. Let them look at it from the various points of view, and then when we get a report and also detailed information, then we will be able to make up our minds. I would, therefore, gentlemen, not be carried away by having a broad proposition carried. Nothing would be lost if we wait for one year more. I therefore support the amendment.

*Rao Bahadur Malji* :—Sir, I was one of those who in the first instance thought that the time has not arrived when we should register federations. At the meeting in the Registrar's office, I started the opposition and the Honourable Rao Bahadur Garud supported me. Things, however, have changed so far as the Southern Division is concerned. I am not yet ready. But the societies in the Southern Division are very keen over this matter. Particularly the Dharwar and Belgaum districts are in the forefront in the co-operative movement. If, therefore, those districts or any other parts of the division are ready to demand a federation, is there any justification for us to withhold it? I should think we should furnish them a set of by-laws which would be found suitable for them. It is very kind of the Registrar to mention it at the Conference and to take the sense of the conference on it. The federation will be started as a co-operative association, and as such it will come before the Registrar for registration, and if it conforms to certain rules of the department, it is ready to be registered. The only thing that you have to consider is whether it is to be engrafted on all the co-operative societies in all the divisions of the Presidency. If any particular division wants a federation, then the only thing that the resolution asks is that the Registrar be asked to draft suitable by-laws, on the lines suggested in the paper, which more or less reproduce the views that have been gathered at the three discussions on the paper. The subject was last discussed at the Bombay Central Co-operative Institute where I was present. I took some part in the deliberations of the committee, and I came to the conclusion that if any division was ready to have it, then the by-laws as amended, which I submit are substantially brought into this paper, may be adopted or recommended. This is all that is in the resolution, and to ask them to wait for another year would mean shelving the proposal for some time to come, I do not know for how long.

*Mr. V. S. Jog* :—I do not see why we should stand in the way of people who want the federation. If they are successful, we might copy of them, but if they are not successful, it is open to us not to follow them.

*Mr. R. B. Ewbank* :—Sir, might I point out one thing? The amendment, as far as I recollect, proposes that the committee should report to the conference

next year. That does not seem to get us on very far. Supposing the amendment is carried, after the committee has examined all these questions, I think it would be as well for them to draw up by-laws. If that is done, we might as well take the next step without reporting to the conference the action taken. The conference, I think, might delegate its powers to the committee to that extent. I would therefore propose, that the following words might be substituted in last sentence :

“And report to the Registrar.”

*The Honourable Mr. Lalubhai Samaldas* :—Sir, questions have been asked by various members as to why people who want to start federations should be prevented from doing so. Nobody desires to prevent the Registrar or the people from going to the Registrar and starting a federation. What we want definitely laid down is a definite line of programme, not for the few federations that are going to the Registrar for registration, but for a policy that will hold good for some years to come for the whole Presidency, and that cannot be done at the sweet will of the few gentlemen who are ready to start federations in one division.

There is one difficulty which has not occurred to Mr. Rajadnya or Rao Bahadur Naik. If they start small district federations on the lines of the Registrar's recommendations, unless you have an organisation for the whole of the Presidency, you cannot get the right type of men to serve small districts or divisions.

I think nothing will be lost by waiting for one year and that we should not start and make experiments on lines which we do not quite understand. After all, one year does not make much difference. If there is an organisation for the whole of the Presidency, we would know that the staff that we employ will get regular promotion and it will enable the federations to get the right types of men.

I appeal to Rao Bahadur Naik to reconsider this question, whether it would not be possible for him to agree to the amendment that has been suggested that the committee might meet within one month and draw up suitable model by-laws. I hope that Mr. Rajadnya and Rao Bahadur Naik will agree with this amendment.

*Rao Bahadur Naik* :—If the committee is to meet soon, I accept the amendment.

*Mr. Rajadnya* :—May I please ask the names of the members of the committee ?

The President then read out the names as follows :—

Honourable Mr. P. J. Mead,	Rao Bahadur R. G. Naik,
Dr. H. H. Mann,	Mr. Gonehalli,
The Honourable Mr. C. V. Mehta,	Honourable Mr. S. D. Garud,
Mr. Ewbank,	Rev. Canon Rivington,
Mr. Devdhar,	Mr. Jambhekar,
Rao Bahadur Malji,	Mr. P. Wood,
The Honourable Mr. Lalubhai Samaldas Mehta,	Mr. G. J. Padhye.

*Mr. V. N. Jog* :—Sir, to make the committee a thoroughly representative one, I beg to suggest that more gentlemen from the Carnatic should be on the committee. I therefore propose that the following two gentlemen should be added to the committee as members :—

(1) Rao Saheb K. R. Valvekar. (2) Mr. K. B. Ankaligi.

The suggestion to include the two additional names was agreed to, making the total number of members of the committee 16.

Mr. F. T. Nalavadi seconded the proposal.

*The Honourable Rao Bahadur S. D. Garud* :—Sir, I rise to make a few observations, so that my attitude may not be misunderstood. I have no objection to any division forming any kind of society or association which could be registered under the act. But at the same time I certainly think that this conference, without committing itself to any policy, should first have the details of that policy examined by a competent committee. It is one thing to say that a few persons should form a certain association which they like ; it is another thing to say that such associations should be permitted all over the Presidency, or that the conference lends its weight and requests the Registrar of the Co-operative Department to encourage such associations. That is the only point of view which I would

ask you to consider. I think the details should be first examined. There is no reason for hurry merely because a certain number of people are willing to form such associations.

The President once again read out the names of the members of the committee.

The amendment was then put to the vote and declared to have been carried.

*The President the (Honourable Mr. G. S. Curtis) :—*I think that this concludes the regular business of this conference to-day. On your behalf I must thank the Honourable Dr. Sir Devi Prasad Sarbadhikari for the eloquent address which he gave us as regards Co-operation and the educated classes. I look forward, as your chairman, to a meeting on Wednesday at 11-30 o'clock. Between then and now, I see from the agenda that the sub-committees have a large amount of very hard detailed work before them.

With these words, I declare the Conference dissolved to-day, to meet once more on Wednesday at 11-30. The sub-committees, in the meanwhile, will meet at 4-30 at the Central Offices and the other places mentioned.

## 2ND DAY.

The six Sub-Committees appointed under item 7 of the Agenda to consider the papers referred to them and printed as Appendices V. to X met in their various Committee rooms and drew up their reports, which were printed during the night and laid before the Conference on the 3rd day.

## 3RD DAY, WEDNESDAY THE 17TH SEPTEMBER 1919.

The Honourable Mr. G. S. Curtis, C.S.I., I. C. S., presiding.

*The Honourable Mr. G. S. Curtis :—*Gentlemen, our business to-day is the consideration of the reports of the various sub-committees.

As a matter of procedure I propose that the chairman of the sub-committee concerned should present the report and I propose to give him ten minutes. Subsequent speakers will be allowed five minutes each, the idea being to allow half an hour for the discussion of each sub-committee's report, so that the proceedings of the Conference may be over by 3 o'clock.

I now ask Mr. Deodhar to open the proceedings by addressing the Conference on the question of co-operative stores.

### VIII. The Urgent Need for Co-operative Stores.

*Mr. Deodhar :—*Mr. Chairman and brother delegates, I am not going to introduce any formal resolution for adoption at this conference but I want to impress upon the attention of this conference the urgency of initiating on a large scale distributive co-operation or what is now generally called store co-operation.

Many useful papers on this subject, as also on the store co-operative movement, have been contributed to this conference and those that deal particularly with the purchase and sale of agricultural and other products have been referred to a committee which was presided over by the Honourable Mr. Purshotamdas Thakurdas. He will introduce before you certain resolution in that connection in a formal manner. I am to introduce that subject more or less in a general way and before I do that I would like to emphasise one point and that is, that this is a new movement and this is a new star rising on the horizon of the co-operative movement in India. And we in Bombay ought not to lag behind especially when a large measure of support has been promised to us by Government.

In this connection I must clear one doubt which was created in the mind of the Honourable Mr. Curtis by my last speech when I referred to the payment for audit. I said that there is a general tendency on the part of high officials of Government to transfer to the people the responsibilities rendering the co-operative movement more self-dependent. But when I said that, I did not refer to the Bombay Government, but I referred to other Governments.

So, as I said, we have to take the fullest advantage of the sympathy and the promise of support which has been given to us by His Excellency and also by the Honourable Member who is in charge of the Revenue Department. And I think we shall be failing in our duty if we do not take full advantage of this large measure of support and sympathy.

With this brief preface I would ask you gentlemen to refer to the note which has been distributed on the subject of the urgent need for co-operative stores. Many of you might know that recently I have had occasion of paying a visit to some western countries and during my sojourn in those countries I tried to avail myself of the facilities of visiting co-operative institutions and especially co-operative stores there. In that connection I felt that on my return I should speak to my countrymen giving them the experience that I gathered. With that object in view only the other day I delivered a speech in Bombay under the auspices of the Bombay Central Co-operative Institute styled 'the Message of Western Co-operation to India.' In that speech I endeavoured to point out the various directions in which the co-operative movement has served the great mass of people in Western countries. I also tried to show the features of our movements here. I quoted very largely figures to indicate the gigantic growth of the co-operative movement there, and lastly I tried to describe the gross extent and scope of the operations of the co-operative movement in countries like Ireland and Denmark and Germany, Russia and other countries. One thing that struck me while visiting the co-operative organizations there was the specific features of the development of the movement which are to a very large extent lacking in the movement in our country. Then another thing that struck me—the question that suggested itself to me—was whether there was any need in India of the co-operative movement on Western lines. And you can readily answer that question by saying that not only there is a very great need but that it is growing more imperative every day. We have worked to some extent in the field of co-operative credit and that was the primary need of the large agricultural classes of the country. That need had to be attended to and a certain amount of good and encouraging work has been achieved in the past. But if the main object of the co-operative movement is to secure the economic betterment of the classes for whom the movement is intended, I would ask even those, who feel that credit is the primary need of the country, whether economic improvement of the agricultural classes can only be achieved by the development of the credit side, or whether greater economic improvement can be effected by bettering the whole economic life of the agricultural classes and by thus making them produce a large quantity without knowing anything as to where those quantities are to be sent. That is one of the directions in which primarily great savings could be effected. It is owing to having that organization that Denmark, which is a poor country, has developed to such a great extent that the agricultural produce of that country is considered to-day to be the highest in proportion. As I told you in the matter of education I did not notice that the people were extraordinarily clever or that the land was extraordinarily rich. But I noticed that the principle of co-operation was applied at every stage to the development and organization of the life of the agriculturists and the agricultural life of the country, and on account of that and several other measures, of course with the sympathetic attitude of Government and a large initiative on the part of the people and a great measure of self-reliance and self-help, the result has been that co-operative credit in Denmark has developed to a very large extent and Denmark is considered by the people in the West as a model country.

We in India are primarily an agricultural people and we have to wait for a long time to come. We do not want wholesale industrialism introduced in this country at the cost of agriculturists. If we have to depend on agriculture and if it is to be improved and enriched it is not enough to effect savings in the life of agriculture by means of credit. There are other ways in which savings could be effected. We ought to teach them to be co-operative at every stage of their life and operations. That I believe is one of the greatest lessons that we have to learn from Ireland, Denmark and Germany.

It might, at this stage of the growth of Indian Co-operative movement, very pertinently be asked, has India no need for store Co-operation? I feel that the need for it is very urgent and growing also imperative for various reasons. I adduce among others the following few grounds for the speedy adoption of the distributive form of co-operation. If the main object of the co-operative movement be the economic betterment of the classes that stand in need of its helping hand, the poor agriculturists would certainly profit by their agricultural produce being stocked and sold co-operatively and also by the needs of their agricultural

and domestic life being supplied on co-operative principles. Moreover, the small traders and craftsmen, as also the poor wage-earning classes, and people belonging to the struggling middle classes in the community will also be greatly profited if they could be made to realize the benefits of co-operation being applied to the production of the commodities they deal in, or to the supply of the articles they require for their daily use by inculcating upon them the need for cash dealing and loyalty of custom, which are recognised as guiding principles of the bulk of the store movement. In the case of the agriculturists their need is great owing to the changing economic condition and the daily growing competition with farmers in other advanced countries. The recent experience of the war has brought home to the average man in the community evils of the recent harassing profiteering carried on to an abnormal degree by dealers in articles of daily consumption and how on that account it became necessary for Government to resort to methods of control by regulating prices. Co-operative Stores, had they been in existence, would have rendered a great service to the community concerned, in such circumstances.

Those who will have occasion of going to other countries will see the vast improvement that is effected in the agricultural operations and they will recognise there the vast output that these countries can obtain in the matter of credit and several other factors. They will feel that a very great need exists in India to-day of agricultural operations being organised on these Western lines. But I do not stop here. The need of co-operative stores goes still further. We have a large class of workmen who deal in small industries and have small operations to conduct. Besides we have got a small number of people whom we call wage-earners and we have in our community a fairly insignificant class, namely, the lower middle class of poor people. These men have experienced considerable amount of difficulty on account of housing and on account of a process of profiteering that is carried on by dealers in certain articles. These wage-earners have now recognised even in small villages the value of the service which co-operative stores can render, and it was because of this process of rousing the people by taking as much advantage of their pockets as possible, generally known as profiteering, that Government had to resort to what is called control by limiting prices. Co-operative stores had they been in existence would have rendered a great service to the community concerned at such a juncture. I know how it is difficult among these people to adopt co-operative distribution, especially among mill-hands.

Then the next most important benefit of these co-operative stores is that the rural population will be brought in line with the urban population. There are some urban societies in big towns and urban areas, but there is absolutely no kind of connection between these two sets of co-operative societies. That is mainly because we are at present dealing with only credit. But if we now begin to deal in articles that are produced by agriculturists and if we also deal in articles that are required by the urban population, the two will be brought together and a kind of link will be brought into existence between these co-operative societies. That is in my opinion a great benefit. We shall then be able to enlist the sympathies of the educated men in these urban areas.

Sir Deva Prasad Sarbadhikary has just emphasised the need of enlisting the sympathies of the educated classes with the growth and progress of this movement, believing, as he said, that it is not only a factor in bringing about a great economic improvement or great economic betterment of the people, but also a very great factor of nation building, and a very great factor in economic, social and educational improvement. Those of you that are accustomed to read literature on co-operative subjects may have read the book by Mr. Russell, and those who have done so will not fail to be impressed by the advocacy of that great man when he says "But for the co-operative work and organisation that has been brought into existence in Ireland, the Irish people would have been in a far worse condition." He has produced another book in which he advocates that, in order that the people may be prepared to reach that national life which is bound to evolve sooner or later in the immediate future,—I believe it largely applies to India—the co-operative system ought to be spread broad cast and as widely and speedily as possible. I believe no better lesson than this could be learnt from the Irish co-operative movement by those who are interested in the development of the movement in India.

The next benefit of store-co-operation is that it will open up a field for young men and women to render useful service to the community by engaging in co-operative work in their different spheres of life. That will produce new benefits of an economic character.

There is another benefit also. If we start stores, they would steady prices and they would check the vagaries of the market. That is precisely one of the very great services which the co-operative stores have rendered to the poorer classes in Western countries.

Next we come to the question of organisation and the question of machinery. I leave it to you, because it is full of details, and I am sure that the observations which the Honourable Mr. Purshotamdas will make will deal with this question at greater length. I have suggested here that these details with regard to organisation and management are so innumerable, that it will not be possible to deal with these details in a very brief speech of 20 minutes, the most which are allowed to me.

Lastly, there is the point which I will now try to emphasise on the attention of this Conference. While in England and in other Western countries which I had the privilege of visiting, I found that large numbers of people interested in the co-operative movement were sent either by local organisations or by their governments to pay visits to countries like England, Denmark, Ireland, and several other places. This suggested to me whether it would not be possible or desirable and very useful also for India, either for the Government of India or for the provincial Governments, or for the large nonofficial co-operative organisations that are being started in the country, or that have already taken deep root in the country, to consider the proposal whether it is not equally desirable to send out batches of very competent, well experienced and trained men in co-operative work, from among the class of agriculturists, wage earners, etc., for whom really the store movement is largely intended in the initial stages, to England on a deputation to visit these various countries, Ireland, Denmark, etc., and study the growth of the movement from the point of view of the experience which they have, and the directions in which the co-operative movement will have to be extended in India. This is a scheme about which I spoke in my lecture in Bombay on the 22nd August under the presidentship of His Excellency, and I found that some of the papers and several of the people with whom I had talks had reviewed it and received it with very great sympathy and appreciation. I therefore think, without bringing in anything like a formal proposition, that this conference will do well to express its opinion on the feasibility and usefulness of such a step being taken. A deputation should be sent to England to study the details of the movement in the agricultural, in the industrial and in all possible fields in which co-operation has succeeded and produced such wonderful results in other countries; so that these people on their return to India may work as propagandists, organisers, and may bear the burden of spreading that movement on sound lines, creating confidence in the minds of the people for whom it is intended. With these words I beg to resume my seat. (Cheers).

## VII. Reports of the Sub-committees.

### (1) *Sub-committee No. 6.*

#### (APPENDICES X AND X-A.)

*The Honourable Mr. Purshotamdas Thakurdas* :—Sir, before I present to the Conference the report of sub-committee No. 6, I think I must say a word of explanation to you, sir, and the members here, for the late hour at which I arrived here. I understood, when the Conference adjourned on Monday last that we would meet at 12 noon, and I was under the impression that although 11-30 was the time given in the printed agenda, 12 noon was the correct time.

In presenting the report of sub-committee No. 6, I would like to make the same observation that I made to the sub-committee when we started our deliberations on last Monday afternoon, and that is that the question that was entrusted to the sub-committee is one that is full of difficulties and is one that requires to be tackled in a manner which will ensure, if not complete success at the start, our being protected against any pitfalls in the experiment that we are now about to make. The sub-committee, during its deliberations, had this main feature before



them. It would appear to those who know how these stores are organised in other parts of the world where they are a great success (of which Mr. Devdhar has spoken just now) that the method recommended by the sub-committee is one that is absolutely the reverse of the method that has been followed in all the other parts of the world, especially in Europe. There, it is the primary stores that start first, it is the primary stores that feel that they want a central store from which to be able to buy wholesale, and it is the primary stores that organise the central store and thus ensure to the central store the custom that it is going to get. Unfortunately in the Bombay Presidency very few primary stores have been started at present. There is an attempt being made, or likely to be made in the near future to start primary stores. But I am told that the very few stores that exist at present, and the enquiries that come from co-operative institutions at present are very seriously handicapped by the fact that they have no body at the central market places like Bombay to fulfil their enquiries in a manner that would fully carry out the co-operative spirit of the whole movement. I do not know the history that has led to the idea of having stores for the co-operative movement, but I guess that it is the rather exceptional times through which we have passed, namely the high prices and very bad profiteering by the middlemen that has led to this idea. The committee were therefore unanimously of the opinion that this is just the time when a movement of the nature that is contemplated should be started. Every one of you must be fully aware of the great differences in prices that ranged during the last 8 or 9 months, between the prices at which one could buy at market centres and the prices at which one could buy in the small towns. Leaving aside rice, which was under control by Government, with regard to the other necessities of life, every one of you would be able to recall without my narrating to you, that there have been, owing to exceptional circumstances, big gaps, for which the middlemen and the profiteer have been held responsible. I presume, therefore, that this idea has perhaps received its incentive from the conditions through which we have passed during the last 8 or 9 months. If however, we could have a number of societies and a number of stores spread over the Presidency, all prepared to take their share of the capital that may be required for a central store, and to start, I think the question would be a very simple one, and some of the things which would appear to one as being rather queer in the report of the sub-committee need not have been there at all. The position now is that to meet the demand that already exists from existing stores and co-operative institutions for a reasonably cheap purchasing agency at market centres, we should start a co-operative central store in the first instance in Bombay. I understand that the Registrar has sent in to Government a proposition that they should appoint an Assistant Registrar to organise co-operative stores in the districts and thus to prepare for the custom that would be required by the central store to make it a success. Paragraph 4 of the report the sub-committee says:—

“Inquiries for quotations will in the first instance be sent to the Wholesale Society, which will have the right of first refusal of every indent required by co-operative institutions. If the rates quoted by the wholesale society are the same as or reasonably near the rates quoted by other agencies, the purchasing co-operative institutions shall buy from the wholesale society.”

This was the conclusion to which the committee eventually came unanimously. It was suggested that the stores in the districts should be left absolutely free to buy from the cheapest possible source that they could. At the same time, it was pointed out to us that if these stores could buy from elsewhere cheaper than they could from the central store, the necessity for the central store would cease to exist, and as the people starting the central store in Bombay would not have any very great interest in running the store, that store would cease to exist. It was also felt that even in Bombay, after enquiries have been made, it has been found that people from upcountry find it very difficult to obtain answers to their enquiries in a manner that is honest, straightforward and reasonable. It was therefore unanimously decided that the central store in Bombay should begin by supplying the demands of the primary stores and other co-operative institutions on lines of what is known as the *adat* system, i.e., they will only charge the actual cost price which will of course include the charges for cartage, etc., and a small trade commission would cover the expenses for running the administration of the central store

The difficulty then came up as to why the primary stores should stick to the central store.

We then tackled the question of capital for the central store, and it was decided that the first option of subscribing capital to the central store should be given to all the primary stores and to other co-operative institutions in the districts. But it was pointed out to us that it is possible that these institutions may not be able to take up the comparatively small capital that we propose to start the store with, namely Rs. 1,00,000. In that case, the next option of subscribing to the share capital was proposed to be given to individual co-operators, and if the necessary capital could not be got from both of these sources, then it was decided that other gentlemen may be approached to help the institution by subscribing to the capital. If at the end of the first year there is a surplus after paying the establishment charges, the shareholders would first be paid to the extent of 6 per cent. On shares and the balance left would be distributed to all the purchasing institutions in proportion to each one's purchases from the wholesale society as compared with the total turnover of the central store. This would ensure some interest on the part of the primary stores and co-operative institutions to stick to the custom of the central store. I hope I have made it quite clear why we have recommended that the primary stores should, as far as possible, buy from the central store, unless there was a considerable amount of difference in the rates at which the central store could supply their demands and the rates at which the primary stores could get their requirements from any other stores.

It was also decided that if Government did appoint an Assistant Registrar for the purpose of looking after the organisation of primary stores, he should also see that all enquiries in the first instance came to the central store, and were placed outside only after the central store was unable to meet them.

As I say, this has been necessary because it is absolutely necessary to organise central stores before any effort could be made to organise primary stores on a large scale in the districts. What happens in the western countries and what has happened in countries where this system has been most successful is that these primary stores themselves start a central store with their own capital and with the control in their own hands. Here as I have just now mentioned we have to begin more at the top rather than begin downwards and build upwards. I personally think that although this is a drawback, to some extent it is not a drawback which is serious to the success of the scheme.

[At this stage His Excellency entered the Conference and took the chair.]

*The Honourable Mr. Purshotamdas Thakurdas* :—Your Excellency, I was just telling the conference why the sub-committee recommended the organisation of a central store and, as the demand increases in the districts, the institution of primary stores which have still to be organised in this Presidency and I understand that it is possible Government may appoint a special Registrar for this purpose. It is for this reason that the committee thought that they would be quite justified in recommending to the conference that they should begin at the top with the precautions that I have just now mentioned, namely, firstly that the capital should be subscribed in the order that I have explained and which is mentioned in the report. With regard to control for the first year the shareholders of the central store will elect their own members for the executive work, namely, members for the board of management. The next year the shareholders would elect 16 members out of the shareholders themselves and they would ask four of the institutions that might have bought the largest quantities of materials through them to appoint their representatives on the board of management, thus ensuring that the primary stores and the co-operative institutions in the districts which have a stake in the running of the central store on sound lines will have some voice in their management. The report gives enough main outlines on which the stores are to be started for the next year or two. I expect, sir, that at every meeting of this conference, the conference will look into the progress made by this movement and would perhaps appoint a committee to go into the question fully and to suggest to the conference what further steps should be taken to enlarge the scope, to entail more responsibility on the primary stores and on the co-operative institutions in the districts and generally to interest the people who have a stake in this movement



and in the management of the central stores. The capital part of this central store we have not dealt with further except that we have said that we would require only a lakh of rupees to start with. As you will see from the report it is decided that all indents shall be executed against cash remittances by the importing institutions themselves or against credits that would be made available by these importing institutions with the Co-operative Central Bank in Bombay, so that, as far as the financial part of it is concerned, it is anticipated that the central store will not have any large amount to lock up. There is one more question I would like to touch. As I have mentioned, the central stores, we suggest, should for the first year of their existence work on lines of commission, that is, they should only charge commission and give the rest of the actual purchase rates plus charges of the primary stores at the actual cost. It is however quite clear that a central store in Bombay with a board of management on which there will be some experts in each line of trade may feel that a certain period in each year is the best time to buy certain articles. For instance, in January or February of every year the board of management may consider they can buy certain articles at the rock-bottom rates—at least at rates which they consider rock-bottom. If the central store knew what the demand for such articles from the primary stores and co-operative institutions in the districts would be, they would then be in a position to buy that required quantity and stock it until the demand actually came. It is quite possible that there will be some loss in such a transaction but a deal like this would never be undertaken without the unanimous opinion more or less of the whole board of management that the rates were either at or very near rock-bottom rates. Then later on when the primary stores and co-operative institutions sent their enquiries the central stores would meet these requirements but the question would then arise as to whether the price to be charged to these primary stores and co-operative institutions should be that at which the stuff was originally purchased by the central store or that which was ruling (supposing it had gone up) at the time the enquiry was made. Now, when all the primary stores and co-operative institutions in the districts are interested in the success of the central store in the shape of capital and in the shape of bonus which would be declared at the end of each year in proportion to their purchases, there can be no difficulty in recommending that the central store should meet these enquiries and supply the goods required on the basis of the market rates prevailing at the time the enquiries were received by the central store. Suppose, however, the prices went down when the enquiries came, no co-operative institution or primary store would relieve the central store of its responsibility in laying in stocks at the wrong time but inasmuch as they would come in for distribution of profits we felt that it would be right to recommend that they should meet the enquiry at market rates but we have not gone into this question in the report very fully, the reason being that for the first year we have recommended that the central store should work on an actual commission basis. If after a year's working the primary stores felt that the central store was able to buy on better terms and better conditions than they themselves would be able to buy, then there is time enough for the next conference to go into this question further. We consider that it is necessary not to complicate matters by giving any further powers to the central store to operate on their behalf.

Your Excellency, I do not think I have anything further to say in presenting the report as far as it concerns the most important part of the question referred to the sub-committee by this conference. I would only like to draw the conference's attention to one point, however, and that is that the sub-committee fully realises that to make this central store in Bombay absolutely successful it is very necessary for the central store to employ a person as a manager who possesses several qualities, a combination which, I am afraid, is not to be met with very often. We want a person who has some commercial knowledge, we want a person of absolute uprightness and honesty, we want a person who would have the virtue of self-sacrifice and self-denial. I will just explain the last part of it. If you get a person of honesty and of a commercial acumen, even if he has no capital himself, he could work as a working partner. A person who has any commercial knowledge is worth much more in the commercial world than anything you could pay him by way of salary even if it should be Rs. 500 per month. Here it is therefore that self-denial comes in. If that person enjoys the reputation of being upright and if that person has enough commercial experience he can do very much better

in the commercial world than the salary you would be prepared to pay him and none but a man of self-denial would care to join such a movement on Rs. 500 a month. Although I am sure that my friends who are interested in the co-operative movement and stores in Bombay are very resourceful I should certainly congratulate not only this conference but the whole co-operative movement if the committee in Bombay, whoever organises this store movement, are able to find the right sort of person. It does not matter even if you have to pay him a little higher salary.

I will now pass on to one or two other subjects that were referred to the sub-committee No. 6. We discussed fully Mr. Hoeli's paper regarding the question of a co-operative sale society for cotton. We understood that there was a departmental committee which was looking into certain of the points mentioned in Mr. Hoeli's paper but when going into the question more fully and discussing the whole question of sale societies for cotton I felt and some of the members of my committee agreed with me that there was a lot that was left to be done in the direction of organising cotton sale societies. For instance, a couple of representatives interested in the cotton market said they were being greatly handicapped in their transaction for want of such sale societies.....

*His Excellency* :—I am sure the conference is very much interested in the remarks which the Honourable Mr. Purshotamdas is making, but as the Honourable Mr. Curtis said at the outset, there would be ten minutes allowed for the chairman of the committee to present his report in and five minutes for the speakers in order that we may get through the work within the time. Therefore I ask that perhaps the honourable gentleman would bring his remarks as rapidly as possible to a conclusion.

*The Honourable Mr. Purshotamdas Thakurdas* :—I am afraid, your Excellency, I was not present when this ruling was given. I am afraid I have had to go into a long speech because of the greater importance of my report. There is a good deal that remains to be done in the direction of cotton sale societies which can very easily be done. I was talking to a gentleman from Khandesh the other day and I was greatly surprised by his zeal to see that the societies got the right sort of men not only at Bombay but in other parts of the Presidency also. There is only one remark which I would like to touch upon in Mr. Shah's paper, No. 10, regarding the organisation of handicrafts. We have adopted the suggestion made in the first part of Mr. Shah's paper but for want of time I regret I cannot pursue this matter further but I think it would be quite all right if this matter were left to the Registrar for such action as he may think fit.

With these words I beg to present the report of sub-committee No. 6 for the acceptance of this conference.

*Rao Sahab Walvekar* :—Mr. Chairman and gentlemen, I have great pleasure in supporting the report of sub-committee No. 6.

With regard to Co-operative Stores I may say unhesitatingly that that part of the movement has not engaged sufficient attention of the co-operators in this Presidency, although I must say that the Presidency has given the lead in other forms of co-operation. The present, gentlemen, is a very suitable time for running Co-operative Stores. In view of the high prices of the necessities of life the best thing that the co-operators can do is to run Co-operative Stores.

I must remember that I am only allowed five minutes for my speech and I do not think I shall be justified in giving all my reasons for advocating these co-operative stores. I entirely agree with Mr. Deodhar and the Hon'ble Purshotamdas and I concur in the reasons that have been expressed in the paper presented by Mr. Deodhar and in the report of the sub-committee for starting the movement. On behalf of the mofussil societies I may say unhesitatingly that we feel that the present is the suitable time for starting Co-operative Stores.

With these words I resume my seat.

*Mr. Chimanlal Harderam* :—Mr. Chairman, I entirely agree with the report of the sub-committee. I am greatly interested in the matter of cotton. My district is Broach where cotton is largely grown and is well known all over the world. The crop has been immensely deteriorating for the last so many years but Government have tried to improve the conditions of the district in the matter

of growing cotton, although the results hitherto have not been as successful as they ought to have been. There is in Broach a Government farm for the last six or seven years. Through that farm Government is trying its best to improve the local conditions. The agriculturists have through Government help been able to grow great quantity of cotton, but either it is not sold or is sold at a very low price.

For these reasons we have recommended in our report that side by side with the cotton selling society there ought to be a cotton ginning society also. If we have no ginning factory the selling factory won't work well. I am therefore glad to find that our sub-committee has recommended the starting of a ginning factory side by side with the cotton selling factory.

With these remarks I resume my seat.

*Rao Bahadur Talmaki* :—Your Excellency and brother delegates, I am sure we are all impressed with the remarks made by several speakers as to the urgent necessity of starting wholesale societies as recommended by sub-committee No. 6.

I think it is further necessary that we should appoint a small committee in this conference or that we should recommend the sub-committee No. 7 of the Bombay Central Co-operative Institute to frame the necessary byelaws and to take further action in this matter. I would therefore recommend that one of the courses I propose may be adopted in this conference as the conference may deem fit.

*His Excellency Sir George Lloyd* :—Will Rao Bahadur Talmaki suggest the names of the committee that he proposes ?

Rao Bahadur Talmaki then proposed that the matter might be left to the Central Co-operative Institute.

We may now propose that the report of sub-committee No. 6 be adopted. The motion was put to the vote and carried.

(2) *Report of Sub-Committee No. 1.*  
(APPENDICES V AND V-A.)

*Mr. Gonehalli* :—Your Excellency and gentlemen, I beg to present the report of my sub-committee to this conference and in doing so I wish to add that we have considered the various suggestions referred to us for our consideration at great length. As we began to consider all the suggestions we thought that any difficulty that the co-operative societies or co-operators may feel in their work should as far as possible be removed or provided for by the bye-laws themselves. If the solution of any particular difficulty cannot be covered by the bye-laws, then we should be prepared to move the Local Government. In case of such a kind of difficulty we propose that the conference should approach the Local Government or the Government of India to amend the Act itself.

Proceeding on these principles therefore we thought that we should try as far as possible to get over our difficulties as suggested by the committee.

Your Excellency and gentlemen, before I proceed further I would say that all the suggestions that we considered were unanimously adopted as they had been prepared by men of great experience in co-operative matters and they had been prepared with great care and thought. However, I must say that it has not been possible for us to accept all the suggestions recommended. For instance, there was the suggestion made by our friends Mr. Banatwala, Mr. Palekar and Mr. Keshwain, namely, that the difficulties with reference to arbitration procedure should be removed by asking Government to make new rules. What was suggested by them is this. The societies recently have experienced some difficulty as regards their disputes with non-members. But under the present rules all the disputes between the committee and the society and members only can be referred to arbitration under rules 29 and 30. But Messrs. Banatwala, Palekar and Keshwain suggested that disputes between the society and non-members are to be referred to arbitration, in other words, they ask for expansion of the existing arbitration procedure to suits between non-members and the society. We thought that it was not necessary to do so, and we also thought that the existing procedure has only been in operation for a short time and that therefore we in the sub-committee would not be justified in asking the conference to make any change in that rule to that effect.

Similarly there were other suggestions which we thought could be rejected. They were such that their purpose could be met by the existing provision of the Act or the rules and bye-laws themselves.

After having disposed of these suggestions we went at great length into all the suggestions which were recommended for adoption. The suggestions which we have accepted are embodied in these recommendations and they are printed and embodied in our report.

I will now proceed to read these recommendations for your consideration.

*His Excellency Sir George Lloyd*:—I think it will be to the convenience of this conference if every chairman of a sub-committee will speak on different portions of his report by blocks A, B, C and so on. We will take all the recommendations as read and the chairman will speak on block A. Then that block will be before the conference for discussion, it will be put to vote and then we will proceed to block B and so on.

*Mr. Gonehalli*:—I now proceed to read our recommendations in heading A as suggested by His Excellency. (Reads.)

I will now proceed to make my remarks on heading A. It will be within the recollection of members of this conference that as a result of one of the resolutions passed in this conference in 1917, the exemption from section 5 (b) of the Act was allowed under certain conditions.

The central banks were allowed under that resolution to allot shares to individual members exceeding Rs. 1,000. Under section 5 (b) of the Act, no single member in any sort of society is entitled to hold a share exceeding Rs. 1,000. Under section 46, the local Government may, if it thinks fit, exempt any society or class of society from the operation of any section of the Act. In exercise of that power the local Government agreed to exempt district central banks from section 5 (b) of the Act to the extent that the bank may allot to the individual members shares to the extent of Rs. 3,000. The mofussil co-operators and urban credit societies wish that a privilege similar to that should be granted in their favour also. The committee have thought it right that the Government should be moved to extend the concession which they have already granted in favour of the district central bank to urban credit societies and also stores. It is therefore suggested that the power of granting the exemption within the terms of this order should be delegated to the Registrar. This suggestion has been made with the object of expediting work. It has been suggested, especially by Canon Rivington, that in the case of these urban societies and stores the voting power should be arranged on the principle of one member one vote.

Another difficulty that has been experienced in the mofussil is that rural societies do not find it quite convenient to send out a member of their own society to the central bank for voting in the general meeting. In that case the society wants to have the power of sending some one as its proxy.

Then, one of our co-operators, Mr. Dastur, has suggested that section 33 of the Act should be so amended that a society with limited liability may be permitted to contribute to a charitable purpose as defined in section 2 of the Charitable Endowment Act, 1890, an amount not exceeding 20 per cent. of the balance remaining after one-fourth of its profits is carried to a reserve fund. We have thought that the existing 10 per cent. under the statute should be increased to 20 per cent. in the case of limited societies.

These are my remarks as regards suggestions under part A.

I now proceed to make a few remarks as regards recommendations under B. Our co-operators, especially honorary organisers and others, have found that some bad men who have not been doing their work properly try to avoid us. They will not show the books, cash, etc. Fortunately for us such cases are few and far between. However, we think that our auditors who have got much to do should not be hampered in their work by the recalcitrant nature of an evil-minded secretary or chairman. It has been therefore suggested by Mr. Sane that there should be certain penal clauses to be provided for in exercise of the rule making power of the Government. We thought that the power of penalising people should not be entrusted to the organisers. If that were done we thought that we would be

setting up a force right against the interests of the country. At the same time, we consider that any officer who is confronted with a problem like this should be in a position to issue summons for the production of the books, cash, etc. It was suggested that wilful disobedience to the summons should be dealt with as provided in rule 38 which has been passed by local Government. I hope that this suggestion will commend itself to the Conference.

There has been a difficulty recently experienced by the members of the co-operative societies in the Southern Division urban societies. Mr. Potdar states that in the case of a debtor and his surety, one of whom is a member and the other a non-member, under the rules the suit should be sent to the Registrar. When it comes to the Registrar, he can only exclude the name of the non-member from the list altogether. In order to provide for this difficulty, we have suggested that the words "or direct the parties to a civil court" should be added.

Then, my recommendation No. 6 is that Government should be moved to add, in exercise of the power vested in them under section 43 (1) and (2) (t) of the Act a clause to the Rule 37 to the effect that orders made by liquidator or by the District Judge on appeal as provided in section 42 (4) of the Act shall, on application, be enforced and recoveries made in the same manner as arrears of land-revenue. As Mr. Bhadrapur says, in regard to dead societies, "there is no reason why we should be under the necessity of an unnecessary slow procedure over our dead."

I hope that the suggestion that we have made will command your support.

*Mr. Phatak* :—The question before the Conference is about amendment No. 5, that is the words "or direct the parties to a Civil Court" should be inserted before the words "or shall appoint" in Rule 30. In my humble opinion the amendment cannot be legally effected in the rule itself unless the amendment is made in the body of the Act. Rule 29 of the rules refers to disputes between members and past members, but rule 30 refers to those persons only who have special concern with the society or the bank or co-operative body. The suggested change vests the discretion to refer the parties to a civil court in the Registrar. When a member takes a loan and a non-member is his security, I think the surety can refuse to abide by the decision of the Registrar. The Registrar's jurisdiction extends to members and past members only and not to non-members. So I submit that unless the body of the Act itself is amended the insertion of the words in the rule would be illegal. So, I submit that the words should be dropped and the matter should be left as it is pending a case before the High Court which is likely to be decided very shortly.

With these words I request that the words should be deleted.

*Mr. Ewbank* :—The difficulty which the amendment is designed to meet arises in those cases where a defaulting member has non-member sureties. The member can only be proceeded against by way of arbitration and the non-member through the Civil Court. The proposal empowers the Registrar in such cases to waive the privilege of arbitration and refer the whole matter to the Civil Court. As Mr. Phatak says, a case is now pending in the High Court, in which the appellant claims that he may, if he wishes, refuse arbitration and carry his case straight to the Civil Court, even though he is a member. If this is so, there will be no need for the proposed addition. There will be no objection to awaiting the final decision of the High Court before undertaking the amendment of the Rule.

*Mr. Gonehalli* :—It sometimes happens that in the working of co-operative societies, members borrow outside the society. It is thought desirable by us that every member who wants to borrow outside the society should consult the managing committee and try to secure their direction. This suggestion is embodied in our recommendation No. 7.

Another difficulty which is experienced by co-operative officers and organisers is this. They go to a society, and if it is a very bad society, they find the whole thing in a disorderly fashion. They want to leave the place as soon as possible. Therefore, they want to take the power of calling by a requisition a general meeting, and they wish to make that requisition to be complied with in 24 hours. That is recommended in our recommendation No. 8.

Then Mr. Datar and Mr. Bengiri have suggested that an attempt should now be made to encourage land improvements. For that purpose they want

that sufficient funds should be made available for the managing committee. Therefore, it is suggested that this should be satisfactorily met by amending by-law No. 37 of the model by-laws. We therefore suggest that loans should be admissible under that by-law, repayable in ten years, and it should be left to the managing committee to demand the ordinary lending rate of interest of the society. The security taken for the loan should be possessory mortgage or mortgage without possession of landed property of value not less than three times the amount of loan.

With regard to recommendation No. 10, under by-law 38, a man who does not pay on the due date is put down as a defaulter. We now recommend that three days' grace should be allowed and no interest should be charged for that period.

We also recommend in our recommendation No. 10, that contributions to charity should be made with the previous sanction of the Registrar.

And we found it necessary that these words should be added to the bye-law No. 45.

As regards item 12 regarding the amendment of by-law 12, we have got only one suggestion to consider and that suggestion is that member societies should submit to the Registrar through the Union the resolutions of their General Meetings requiring sanction of the Registrar. We find that it is not desirable to require every member society to send its resolutions to the Registrar but when the resolutions are such as to affect the constitution of the society they should go to the Registrar through the union so that the Registrar will have before him the opinion of the union by which he may be guided.

Your Excellency, these are the recommendations which I place before you. I now beg to move that these resolutions be accepted by the Conference.

*His Excellency* :—Report of the sub-committee No. 1.

Report of sub-committee No. 1 was then put to the vote and accepted by the Conference.

### (3) Report of Sub-committee No. 2.

#### (APPENDICES VI AND VI-A).

*His Excellency* :—Sub-Committee No. 2. Khan Abdul Majid Khan.

*Khan Abdul Majid Khan* :—Your Excellency and gentlemen, I beg leave to place before you the report of the sub-committee No. 2 with regard to the internal management of primary societies. The subject is not only very dry but the time at my disposal is also very short. We tried our best in the sub-committee to deal with the matter as thoroughly as we could and we came to the following conclusions, but my report, I am sorry to say, is not divided into blocks and with your Excellency's permission I request that I may be allowed to treat paragraphs 1 to 7 as block (A) and paragraphs 8 to 12 as block (B) and the remaining paragraphs as block (C).

As regards Mr. Kulkarni's suggestion, we all agree that the members of the managing committees do not generally study the bye-laws of their co-operative societies and it was found necessary that they should have some training for three or four days once in a year at some convenient place and therefore we adopted the resolution with a little modification and I may be allowed to read it because there is a little omission due to my fault which has not been printed in this. It reads like this :—

“The members of the managing committees in small primary societies not affiliated to some Union should be trained in by-laws” Please read after this ‘in taluka head-quarters or at some other convenient place for three or four days in a year’.

The second part of the proposal was not adopted for this reason that we thought it proper to leave it to all the members of the managing committees to go and have training and not to leave it on the honorary organiser to select some members out of the managing committees. The second resolution was not adopted for the reason that it was found to be against the principles of co-operation to give a monopoly of three years to one chairman of a society and the third was not adopted for the reason that the practice even now is that although the cheques are issued in the names of the secretary and the chairman of the society, one could

endorse in the name of the other and both of them in the name of a third person and they could cash it from the treasury without both of them going there. Therefore it was not adopted. The second resolution of Mr. Mensinkai was to the effect that the principles of co-operation should be explained fully *before a society is started* and that they should be taught how to keep the accounts *before the society is registered*. As regards the first, the practice already exists that before a society is registered the principles of co-operation are explained and as regards the second it was thought impracticable to teach them how to keep the accounts correctly before registering a society because this is more the result of actual working when the accounts are properly kept than a theoretical working before starting a society.

As regards Mr. Bhadrapur's suggestion that societies should not be started in extremely illiterate villages, we did not agree to it. We thought that mere illiteracy should not be a bar in starting societies provided that a secretary could be got to keep the accounts, because examples are not wanting all over India that co-operators have learnt to read and write *after starting a society* and they can manage societies very well. Therefore we did not adopt this proposal.

The fourth by Mr. Bhadrapur again comes to this, that his suggestion is that in big rural societies we should have a council of supervision in order to see that the managing committee works carefully and carries out his duties diligently, but we find that this could be easily done in urban areas but not in rural areas for want of education. In rural societies no outsiders can have a look into the accounts of the society except a member, and if we appoint a council of supervision, those three gentlemen will be out of the members of the society and generally such people as are entitled to be on the council come on the managing committee. Therefore the best staff in a rural society we have generally got in the managing committee and we find it useless to appoint another body over them which would be certain to produce disunion instead of bringing about some good effect on the society. On these grounds the sub-committee did not accept it.

No. 5.—With regard to Mr. Kulkarni's suggestion *re* modifying the Registrar's circular 108, para. 2, the sub-committee thought that they need not pass anything against it and they recommend that it should be kept as it is.

No. 6.—The proposals of Mr. Gokhale that the granting of loans should not be encouraged among members of an undivided family and that the Deosthan Funds should be properly represented were accepted as they were.

No. 7.—With regard to Mr. Jog's suggestion, he thinks the managing committee does not see that the loans are properly spent for the purposes for which they were obtained and he proposes to appoint two other members for this purpose to see that the loans are properly spent for the purpose for which they were drawn. This was not accepted for the reason that it is already laid down in the by-laws as the duties of the managing committees to see that the loans are properly applied and moreover it is the duty of inspecting and supervising officers to see that the loans are properly applied and the committee did not think it proper to set another body over the already existing bodies simply to criticise them.

*Mr. Bhadrapur* :—With regard to the resolution No. 3 I beg to state that a council of supervision is quite necessary in big village societies. The powers of a council of supervision would be more negative than positive. If it finds anything wrong, it can refer matters for the decision of the general committee. We should have councils of supervision wherever we can get a number of sufficiently literate men. My proposal is not that a council should be started in *every* village society but only there where a number of sufficiently educated men can be found. So I would request this Conference to accept this suggestion.

*Mr. L. G. Gokhale* :—I may be allowed to speak a few words with regard to this resolution. A council of supervision has been suggested for supervising the affairs of rural societies. Guaranteeing unions are being formed at places where the societies are well equipped, well managed and at such centres only these councils of supervision may be appointed and nowhere else.

*Rao Bahadur R. G. Naik* :—Your Excellency and gentlemen, I believe that Mr. Bhadrapur's suggestion with regard to the appointment of supervising councils in big village societies is a sound one. As an honorary organiser from the



Southern Division and as one having experience of big village societies in the Southern Division, I can freely say that a stage has arrived at least in my division for supervising agencies in the case of big societies, societies with a capital of more than Rs. 25,000 and upwards, but not in the case of societies whose capital is less. In cases where a society's capital is increasing and has already increased and where it is in the hands of only a few members of a managing committee who have their own professions to follow, it becomes urgently necessary that the application of the money lent to members and also the money that is distributed amongst several professions in the village should be properly and efficiently supervised and therefore I would earnestly request you to support the suggestion made by Mr. Bhadrapur that supervising councils be formed in big village societies where they are considered feasible.

*Mr. R. N. Rajadnya*:—Your Excellency and brother delegates, we considered this subject very fully in our sub-committee and after referring to page 22 of the report of the Committee on Co-operation we have come to an unanimous conclusion about this matter. The Committee has distinctly stated that they do not at this stage advocate such supervising committees.

With these few words I beg to move that Mr. Bhadrapur's suggestion should not be accepted by this Conference.

*Rao Bahadur Thakorram Kapilram*:—Sir, I oppose the creation of a supervising body over the managing committee as proposed. In another committee there was already a proposal to appoint a taluka inspector to do the work of supervising the keeping of accounts and that proposal has been carried so far as backward societies are concerned. Our object is to educate the managing committees in their sense of responsibility. And if we create another supervising body over them they may not take as much interest in their duties as we wish they ought to. Let them manage their own affairs and commit faults and it is only by committing faults that they will learn.

Then the other objection to having this supervising board is that there will be constant conflict between these supervising committees and the managing committees.

For these reasons I think there is no reason to have a supervising body over the managing committees.

*Mr. Eubank*:—Sir, I am surprised that in this connection no reference is made to European practice by any speaker. In practically every European country you find a supervising council existing and I think that in India also we ought to think twice before we reject so widespread a practice.

The state of village societies five years ago when the Committee on Co-operation made its report was quite different. Since 1914 much water has gone under the bridge. There are now two to three hundred members in some village societies and there are very few of them who know what is really happening in the management of their societies. If we have supervising bodies they might report to the general meeting that such and such a thing has happened and that would serve as a check on the managing committees.

Unless we have supervising committees, it seems to me that we shall have to have two co-operative societies competing with each other in the same village.

As to what Rao Bahadur Thakorram has said what I would ask him is, "is it better to have one supervising council which is to revise and check the work of the managing committees or whether it is better to have two small competing societies cutting each other's throat in the same village?"

I therefore venture to suggest that perhaps Mr. Abdul Majid Khan might, if he is willing to do so, omit paragraph 4 as a debatable point and allow us to adopt the rest of his proposals minus that paragraph.

*The Hon'ble Mr. Lalubhai Samaldas*:—Sir, Mr. Eubank has said that much water has gone under the bridge since 1914. But we have not been told the chief reason for having these supervising bodies.

The difficulty that suggests itself to me is that generally the best men will be on the managing committee and it would be much more difficult to find such men for the supervising councils who are to advise the managing committees.



We might reconsider this question when literacy has gone up to that extent. But for the present it is much better to follow the recommendation of the Committee on Co-operation who have after great deliberation rejected such a proposal. It is, I think, much better to follow the Committee on Co-operation than to follow some European countries.

*Khan Abdul Majid Khan*:—Your Excellency, I may be allowed here to give in few words my own experience. We started altogether say with an average of about 150 members in the Punjab, then the number went up to 350 after a time. And the members who were on the managing committee were far more trained and practical men than the other shareholders or members of the society and when we found out that the society could not be successfully run by the already existing managing committee, we were obliged to dissolve it into three or four separate societies. And perhaps it will be difficult for me to say that any such big societies here can be split up into separate societies of as many members as can easily be controlled by the managing committee. In this case instead of having six or seven members to control three hundred members and in addition three supervisors or councillors, if you will have split up such societies into different societies, you will have only four men to work on such societies and I do not think I shall be able to accept the request of my friend Mr. Ewbank to take out this proposal, because I shall not be satisfied as according to my conscience I shall be giving bad advice to my friends here where I have come to learn.

Therefore I strongly recommend that if such societies cannot be properly run by managing committees, they cannot be properly run by other persons over their heads. If there are sub-divisions in a village let the society be split into as many divisions as can be well managed by as many managing committees.

*Mr. Ewbank*:—I understand Mr. Abdul Majid Khan agrees with me that we have really got an alternative before us, namely, that either we must have a supervising body or that we must have two or three societies in the same village.

*Khan Abdul Majid Khan*:—What I mean to say is this, that if a society is not manageable by a managing committee it is equally unmanageable by other persons over the head of the managing committee, and these other persons will be unnecessarily interfering in the work of those members of the managing committee who are doing their work with great interest and will be finding fault with their work. I would split up such societies into small ones say of one hundred members each or something like that.

*Mr. Ewbank*:—I understand that Mr. Abdul Majid Khan agrees with me that one possible course is to split up small competing societies in one village, and rejects the other alternative.

*His Excellency Sir George Lloyd*:—Mr. Abdul Majid Khan will proceed to heads Nos. 5 to 12.

*Khan Abdul Majid Khan*:—Your Excellency, there are two important proposals in this block. One is by Mr. Tantri where he refers to a despatch of the Government of India dated the 31st January 1919 empowering Local Governments to make grants to charitable institutions, to assist by means of grants to co-operative societies composed of backward and depressed classes in urban areas towards the maintenance of a clerical staff. The committee has found out, and I hope you will all agree with me, that such cases of illiteracy and want of funds do exist in rural societies of the depressed classes and also among the societies in Sind, and that they equally deserve help as the urban societies do. Therefore the committee recommends that this help should be extended to the rural societies as well of the peasant class and also in the backward places in Sind and that the conference should recommend to His Excellency the Governor in Council to place a certain sum at their disposal. The committee have not decided what that sum ought to be. They leave it to the discretion of Government and the Registrar to recommend that sum. Such sum, the committee recommends, should be at the disposal of the Registrar who should be authorised to use it for that object.

The other two proposals are, one by Mr. Gokhale and the other by Mr. Jog. Practically these two proposals are one and the same and the committee has taken them together.

Then there is a proposal by Mr. Huli who is in favour of a fixed recurring deposit and he says that the amount might vary from Rs. 5 to Rs. 10 to be paid for twenty years and withdrawable not before 20 years but after that period. While Mr. Gokaran proposes the sum of a fixed deposit from Rs. 2 to Rs. 20. The period is the same, namely, 20 years as suggested by the first gentleman. In addition to that Mr. Gokaran proposes that the borrowing power or the cash credit of a member should be fixed at twenty times the amount of his fixed deposit and furthermore he proposes that cash credit may be fixed from 10 to 20 times the fixed deposit.

Now the first question is about the fixed deposit. We have referred to the report of the Committee on Co-operation. But as far as I understand, by fixed deposits were meant the deposits which were treated as a portion of the loan advanced to the members. It would bear some proportion to the loan. That means a sort of deduction. But this is a share to be paid at each harvest. The shares last 10 or 20 years. I say we should not be misled by the report of the Committee on Co-operation, if they have condemned them. The Committee has adopted that no maximum limit should be put to such deposits because this is not share capital. It won't go to the depositor. Therefore, they thought it advisable to fix the minimum at Rs. 5 and the maximum as much as a member likes to deposit in his name. But the time fixed is not 20 years, but 10 years. He may withdraw after 10 years or within 10 years, at the time of his resignation or death or things like that. While adopting this, the Committee based the proposal on the principle that the borrowing power or cash credit of the member should bear a certain proportion to the amount of his fixed deposit, because while advancing loans we see two things, the moral and the material aspects. This is neither a material nor a moral aspect. A member may deposit Rs. 20 in order to get twenty times that amount. This does not prove that he has got credit either moral or material. Therefore, we thought that it would not be proper to fix this limit. It should be on the principles of co-operation we are running now. Also, they did not think it proper to fix the amount of cash credit at a certain multiple.

No. 13 I think is very, very important, and especially for the Deccan, because the spectre of famine is always visiting it after a cycle of a few years and it takes away hundreds of thousands of lives, and millions upon millions of money without bringing any reward for it. We had experience last year and the year before last of a very bad scarcity and famine, and in His Exalted Highness's dominions the present year is perhaps the worst of all. We have got no water in the tanks. We have to see here that there are two sorts of schemes to be adopted, the first what schemes should be adopted when famine is going on, and the second famine preventive schemes. As regards the first, we absolutely agree with the proposals put forward by Mr. Ganehalli that, when there are prospects of a famine coming on, the societies should gather funds by raising loans from central banks or takavi from Government in order to give help in fodder, cattle, seed and other things. The sinking of wells should also be undertaken. That is very important, because in famine time when the wells are sunk, they serve a double purpose. The first is that they provide local labour in villages to the cultivators who do not generally go out on the relief works, and secondly they provide some water. Therefore, the committee found it proper to adopt the resolution as it was. As regards famine preventive schemes, that is also a very admirable piece of work. We should try to sink wells in order to meet future famines when they come, also plant some pumps at rivers in order to provide for irrigation. The committee has disagreed only with the last item No. (6). That is the question of gowlis. Great stress is put on this, because milk is not available in sufficient quantities. Milk is a luxury, and at the time of famine we have to try to keep body and soul together in some other way. The gowlis themselves can get their daily earnings, and perhaps double their usual earnings. I think the money which will be spent on milk may profitably be spent for the benefit of the cultivators in other directions. The committee

therefore do not recommend that section 228 (d) should be amended in order to extend the working of the Act to the gowlis on the same footing with the cultivators.

*Rao Bahadur Naik* :—Your Excellency and Gentlemen: I rise to support the spirit of the resolutions arrived at by the committee in No. 13. But I am a little doubtful whether the spirit of the resolution in clause No. (4) of para. 13 that the members of agricultural co-operative societies should be required to store every year in April grain and fodder sufficient for them for one year, is practicable. This resolution lays down certain rules which it would be imperative on the members of agricultural co-operative credit societies to observe in April every year. The question is whether it is possible to induce the members of agricultural societies to store grain and fodder every year sufficient for the next year. It will be found that it is very difficult to induce these members even to make small deposits every year or every month. It is also found in practice that it is sometimes difficult to make them repay their loans punctually. People are illiterate in the villages, and we experience great difficulties in inducing them to observe the ordinary elementary principles of co-operation. If these restrictions are imposed, I very much doubt whether one in a hundred would agree to them. So, I support the spirit of this resolution. But I think that it would be impracticable to carry it out in practice. Instead of laying down a resolution like this for the guidance of the co-operators in the Presidency, it would be better if the co-operators are impressed with the advantages of starting grain banks and fodder reserve societies, the by-laws of which have already been framed by the Registrar. I know of a good many grain societies that have been working splendidly in the Belgaum district from which I come. We have about 10 grain banks, and I believe we have got the best in the village of Kodni. So, if grain banks and fodder reserve societies are encouraged and if they are regularly run on sound business principles, I believe that the object which this resolution has in view would be fulfilled.

*His Excellency the Governor* :—I think that there is a practical unity of feeling with regard to all the points raised in sub-committee No. 2's report, with the exception of paragraph No. 4. Mr. Ewbank has pointed out, and all Western experience points clearly, to the necessity of action in the reverse direction to that indicated by Khan Abdul Majid Khan. Wolff in his book on Co-operation in India says the same thing, that the lack of internal supervision is the one weakness of the Indian Co-operative movement. On the other hand, Khan Abdul Majid Khan's experience leads him to believe that if one society cannot be controlled by the managing committee, it cannot be controlled by anything else, and therefore it had better be split up. This Conference will, I suppose, not be so dull as to throw over without discussion so eminent an authority as Mr. Wolff and his experience, and we cannot also remain without paying heed to our visitor's experience on this matter. Therefore, I should think that the best course would be that an experiment should be made during the course of next year on both the lines, that is to say where a society is becoming uncontrollable, it might be split as suggested, and the result of its working might be compared with that which could be obtained by the appointment of a supervising committee in other cases. If the Conference is of that opinion, I think it would be a wiser course to make these experiments before we come to a final decision in policy. We might first see how it works in practice till next year.

*The Honourable Mr. Lalubhai Samaldas Mehta* :—I want to take this opportunity of moving a very hearty vote of thanks to His Excellency for his keenness in attending our Conference, not once as has been the rule hitherto but on two occasions. We have always counted upon the sympathy and support of the Head of the Presidency and of the Government in all our work, and we have always had a welcome from the head of the Government on the opening day of the Conference. Your Excellency has gone further and taken part in the detailed discussions and deliberations of this Conference, and we cannot be sufficiently grateful to your Excellency for showing so keen an interest in our work.

Your Excellency, I may be permitted to say that the advice that was given to us at the meeting of the Co-operative Institute in Bombay about the necessity of starting a Central Store has just taken shape, and I am not far wrong, I think, in saying that your Excellency's advice on that occasion inspired us in

taking up this work. It was soon after that speech was made, that a meeting of the committee under the presidentship of the Honourable Mr. Purshotamdas was called, and we carried out this work. The work has been now completed here, and I hope that when we meet next year your Excellency will be able to see the work that has been done. I can only tell your Excellency that we shall not forget your Excellency's advice to move slowly. It was with that in mind, I believe, that in our deliberations we decided to refer two of the most important questions to committees instead of rushing forward with them in this Conference. We shall also not forget your Excellency's advice that we should also look upon the moral side of the co-operative movement.

With these words, I move a very hearty vote of thanks to His Excellency, and I hope you will carry it with acclamation.

*The Honourable Dr. Sir Devi Prasad Sarbadhikari*:—I desire to associate myself with this resolution not because a resolution like this requires any support whatever but because I and my friends to the right who have come to the Presidency on the invitation of your Excellency's Government desire to express a sense of their appreciation not only of the personal kindness shown to us but because of the help that the association of our rulers in movements like this gives to this movement to have forward progress such as no other measure can ever be expected to do. As your Excellency put it yesterday from the chair, and as you have all believed, for a very long time yet movements like this will have to have state control as well as popular association in a larger or smaller measure, and when we have the help and guidance of British statesmen who come to the country with an open mind and study the question for themselves and form their own judgment and are able to give us help and guidance, I am sure that would be as good an asset as any that could be expected. Bombay is peculiarly fortunate in the help which she receives at your Excellency's hands, and as one who has come from outside and who has received all possible kindness from the Poona leaders, and from the Government themselves, I desire to associate myself with this help and, as I may not be speaking again, if it is no impertinence, I may also associate myself with all that your Excellency said yesterday about Mr. Ewbank, and I am sure the whole of the Conference will be with me when I congratulate him on the tact and firmness—a somewhat rare combination with which he has helped on the movement in a way that must be an object lesson to other parts of the country.

*Mr. Jamshedji Mehta*:—Your Excellency and brother-delegates, it is quite clear from the sentiments which have been expressed by the Honourable Mr. Lalubhai Samaldas and Dr. Sir Sarbadhikari that they clearly express our feelings at the present moment, and we are all grateful to your Excellency for the success this Conference has achieved and for adding to its success not only as the head of the province but by your Excellency's personality. I am quite sure that we shall always keep a happy recollection of this conference and I hope, sir, that by the time the next year's conference sits we shall be able to report to you greater energy of work—successful work—and to tell you that we have been able to devote more time and energy to this movement so as to merit your Excellency's continued sympathy and help. With these few remarks I tender to you on behalf of the Conference our very grateful thanks for the support we have received at your Excellency's hands and I beg to support most heartily the resolution moved by the Honourable Mr. Lalubhai Samaldas Mehta.

*His Excellency Sir George Lloyd*:—It has been a great pleasure to me to have attended this conference which I wish all success in future. I extend my warmest thanks to the gentlemen who have just spoken for the kind words in which they have referred to me and to the help I have been able to give to this Conference.

[His Excellency then left the Conference and the chair was resumed by the Honourable Mr. G. S. Curtis.]

(4) *Report of Sub-Committee No. 3.*

APPENDICES VII AND VI-A.

*The Honourable Mr. Chunilal V. Mehta*:—I beg to move that the report of sub-committee No. 3 be adopted.

The whole success of our movement depends upon a sound system of finance and the members of the sub-committee have applied themselves to suggest remedies for the difficulties that have been experienced by the central bank and by the provincial bank. These difficulties were two-fold; one was that there was over-lapping in the agencies which finance primary societies in any particular area, and the other difficulty was the lack of a sufficient touch between the lending institutions and borrowing societies. To meet these defects the committee have suggested that there shall be only one financing agency in any particular area and I am glad to say that the directors of the various central banks who were present at the meeting of the sub-committee gladly accepted the suggestions which have been embodied in the report. It has been found that the result of the present system of over-lapping is that primary societies fail to get their requirements in the shape of loans either in the degree necessary or at the proper time., and it is has therefore been suggested that where central banks are able and willing to have branches in taluka towns they should be allowed to do so but where they are unable to do so either taluka banking unions should be started or branches of the provincial banking unions should be started. We hope that these measures will attain the object which the committee have in view and that societies will get both prompt and adequate relief. The area that is to be determined will be determined by the Registrar in consultation with the central banks and the areas defined will be such as to permit of supervision being conducted efficiently and economically and of adequate and prompt financial assistance being provided for rural primary societies. This will naturally lead to some curtailment of the area which is at present being served by the existing central banks but I am glad to say that the directors of those banks, in spite of their own vested interests, have agreed to see whether it is necessary that the area should be curtailed.

Now with regard to the necessity for financial assistance to individual agriculturists, whether they are members of societies or not, for improvements of a rather extensive character; suppose an agriculturist wishes to introduce machinery for the improvement of his outturn, he is at present unable to get the full amount of the loan partly because the societies may not have the funds and partly because the other members of the society may be unwilling to shoulder a large burden such as would be required in such cases, but it has been thought by the committee that it does not come within the province of central banks to meet these demands and that a separate agency should be created for the purpose. Paragraph No. 6 embodies that recommendation.

The next deals with the financing of limited liability societies and I may point out that the Bombay Central Bank does not look with very great favour on the financing of limited liability societies. The reasons for it are various; one of them is that the funds at the disposal of the Bombay Central Bank are not enough to meet the requirements of primary societies and it is felt that the rural agricultural societies have a prior and better claim on the funds of the bank than limited liability societies. Limited liability societies are now springing up in large numbers and they are required for various beneficent purposes. It is therefore felt that the time has now come when the financing of these societies should not be any longer delayed. The circumstances of financing each particular limited society will depend upon the particular circumstances but it is suggested that the loans may be given on the security of pro-notes if they are backed up by rural or agricultural security.

I now pass on to the last recommendation of the sub-committee which has dealt with the suggestion that has been made by various gentlemen who have submitted papers before this conference. I regret to say that the committee did not feel as if they could adopt all the suggestions that have been made. The suggestions were with respect to the Trust Act that it should be amended and that the Government of India should be approached for the amendment of the Trust Act so as to allow trustees to deposit their funds with co-operative societies. With regard to that I may mention that it was with the very greatest difficulty that an institution like the Bombay Central Co-operative Bank succeeded in inducing Government to allow debentures the interest on which is guaranteed by the State to be recognised by the State as trust securities under section 20 of the Trust Act. It was therefore not felt that Government would

look with any very great favour upon any suggestion to allow funds to be deposited in all central banks or in all primary societies even though we might provide the safeguard of the Registrar's previous approval and sanction. And also the committee did not feel that the societies have now reached such a strong position as to justify the adoption of this course.

The next suggestion in this connection was that insurance companies might be asked to deposit their funds with co-operative societies. It is not quite clear what was the intention of the writers of these papers as to whether we should approach the Government of India to request them to allow any relaxation of their rule that 2 lakhs of rupees should be deposited by all insurance companies with the Government of India in government paper. I do not think that it is quite possible for co-operative societies to make this request at the present time. The whole object of having to deposit these 2 lakhs of rupees with the Government of India is that if any insurance company should come to grief there should be ready and immediate funds in the hands of the Government of India which could be applied towards the payment of its liabilities. If the deposits are with primary societies or with central banks, then the question arises as to with whom the funds should be. They certainly would not be with the Government of India and thus the primary object of this rule could not be achieved and therefore the committee have felt that it is not possible to approach the Government of India in this connection. With regard to approaching the insurance companies themselves, it is entirely for the societies and central banks to do so and if they can persuade insurance companies to deposit their funds then nothing further need be done at all events by this conference.

With regard to the investment of surplus funds of court of wards' estates in central co-operative banks with the previous approval of the Registrar, this stands on rather a different footing for the following reasons. This was allowed to be done in the past until the Government of Bombay in their order of 1918 ordered that it should be no longer done and also that the funds of court of wards' estates should be deposited in the area in which the Collector would exercise a salutary control and where he could satisfy himself by local enquiries as to the strength of the central bank with which the funds were deposited. It was also felt that the funds of the court of wards estates were less sacred than those of other trust authorities or insurance companies but there has been a change since the Government Order of last year which I think will justify a reconsideration of that order. Previously, the central banks were under no liability to frame their forecasts and to show proper provision of resources to meet their liabilities.

That has now been made compulsory and ordinarily statements of the position of these companies are being published in the Bombay Government Gazette. So that it is open to every Collector and every manager of a Court of Wards estate to satisfy himself as to the state of these central banks which may be permitted as depositories after this change which has come subsequent to the Government order. As suggested in that order we would request the Registrar to try and approach Government again in view of these facts in order to see whether it would not be possible to modify that order especially by providing the safeguard, namely, that the central bank should first be sanctioned by the Registrar before the Collector deposits the funds with that bank.

I hope the conference will approve of this report.

*Rao Bahadur Malji* :—Sir, I have to point out a misprint in the first place. Paragraph 30 is mentioned instead of 28.

Then I proceed to paragraph 7 of the sub-committee's report, "Financing of limited liability societies by the Bombay Central Co-operative Bank." For reasons explained by the chairman it is now clear that the directors of the Central Bank are not inclined to come forward. I submit that although it is mentioned here that the central banks may lend on the security of pro-notes it would, for long term loans, be no advantage.

Then coming to paragraph 8 I confine my remarks to the circumstances of the court of wards estates. In connection with this it will interest the conference to know that large balances are lying idle in Government treasuries or in the Bank of Bombay. I do not find any provision in the Court of Wards Act which would disable, as in the case of a trustee, the manager of the Court of Wards estate

from depositing the funds of the estate in a central bank. The Government Resolution says it is not desirable to vest these funds in the co-operative societies. As a matter of fact the question at that time was not of the central bank.

As pointed out by the chairman of the sub-committee things have undergone changes and although one change was actually referred to by the mover the other one which I would bring to your notice is that since those days the central banks have changed their shapes and forms. In those days they were not properly so called. They used to lend to individual members. Now the central banks properly so called are merely those who lend to the societies on unlimited liability. So that is the greatest security and I dare say when the Registrar points out to Government, this change Government may in their wisdom reconsider the order that they have passed in 1916 and would allow the court of wards and the Collectors unfettered discretion in this matter.

And I hope when the conference comes to form its opinion on this question the conference will bear in mind the fact that this change will help the co-operative movement a great way.

*Mr. Tarkunde* :—Sir, I rise to take exception to suggestion No. 6. This suggestion recommends the formation of a distinct organization for the purpose of making big improvements in connection with the land and this organization may help either a member of the society or one who is not a member of the society. The societies in their present position would not be capable of such a disciplined organization. I therefore think that this suggestion should not be carried.

*The Honourable Mr. C. V. Mehta* :—Sir, the only reply necessary is with regard to the suggestion I have made regarding paragraph 6. I am afraid I should make it clear that it is not suggested that the existing societies should lend to non-members. Of course they cannot do so under the Act. But there being various demands from both members and non-members for loans of rather an extensive character, it is suggested that if the societies are unable to meet such demands, they should be met by a distinct organization, for instance a loan organization bank which would meet the needs of such men.

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

#### (5) Report of Sub-Committee No. 4.

##### (APPENDICES VIII AND VIII-A.)

*The Honourable Mr. G. S. Curtis* :—I will now call upon Dr. H. Mann to present the report of Sub-committee No. 4.

*Dr. H. Mann* :—Mr. chairman, in laying before the conference the report of sub-committee No. 4, I would like the conference to note the fact that this sub-committee proposes some of the most revolutionary changes in the matter of supervision, education and propaganda which probably is the sphere in which the official authority will become less and less and it is a definite step towards making the whole movement less official in character than it has hitherto been.

Of course one would not for one moment lose sight of the practical fact that the co-operative movement has hitherto been fostered and encouraged by the official agency, and also the fact that had it not been for the official agency and the help of Government the co-operative movement would not have existed. You will all agree with me when I say that the whole movement owes a very great debt to the Registrar and his staff in this matter.

But the committee and co-operators are of opinion that the movement should be deofficialised and that is what the first three resolutions of this committee propose. First is the question of appointing Government paid inspectors or supervisors in the various districts of the Presidency. The feeling of the committee was that the proper supervisors of primary societies should be ultimately guaranteeing unions and central bank, and that while at present moment it might be necessary, and we think that it is necessary, to appoint Government paid inspectors where such unions do not exist, yet such appointments should be looked upon as purely temporary and should only exist so long as the proper supervisors are available.

The second resolution of this sub-committee is on similar lines. A proposal was laid before the committee for the appointment of paid organizers by the



Co-operative department. Some of the honorary organizers have worked independently and it is felt with the greatest joy that the movement owes to them also a deep debt of gratitude. That being so it is felt that at this stage of the movement when a large number of men are prepared to do the work of honorary organizers and to do it well, it would be a very backward step if the department now went in for paid organizers who would work as Government servants. When an organizer is paid he would look upon it as his duty to establish a large number of societies and the foundations of those societies would probably be weak and that they would disappear in large numbers as soon as the particular paid organizer is removed. Hence the committee came to the conclusion contained in their resolution No. 2.

The conference will notice one exception in this resolution and that is in the question of non-credit societies. It is felt that the work of organising such a society is very difficult and need of the establishment of societies is very great and for that reason that work probably may be retained in the hands, to a certain extent, at any rate, for the time being, of organizers paid by the co-operative department. We have no objection therefore to the proposal to have paid organizers for non-credit societies. But at present stage we do not think that the appointment of paid organizers for credit societies is at all necessary.

The third point deals with another aspect of development. There has been in one or two parts of the Presidency a considerable amount of success in the spread of societies owing to the appointment of taluka and other local development committees. We think that these committees where they can be conveniently and suitably formed should be encouraged. The committee recommend to the Co-operative Central Institute that the establishment of the co-operative development committees for talukas or similar areas is desirable; and that the rules suggested in Mr. Bhadrapur's paper are suitable as a basis for such committees. It is felt that while it is desirable that the appointment of such committees should be essentially a function rather of the Co-operative Institute than of the department, it should be one of the most prominent lines of action of the central institute to establish local committees which should work for the development of the Co-operative movement in those tracts.

The next point deals with thorny questions of communal societies. After a very long and interesting discussion, the committee came to the conclusion that the establishment of the communal societies is not so desirable. The resolution which is on the paper was very carefully drafted to meet the general views of the committee. We recommend, therefore, that the Conference is of opinion that while no objection need necessarily be taken to communal or caste societies, it is very undesirable that such societies should be encouraged in ordinary villages. Every one knows my personal opinion in this matter, but I think it is in consonance with this resolution that societies on caste lines would be a very great check for the spread of the movement.

As regards Co-operative education, I know that there are a great many enthusiasts in this matter who feel that Co-operation may well form part of the schools and colleges. Hence we adopt quite a number of resolutions with one addition, which you will find in No. 5 (b). "The Director of Public Instruction be requested to introduce one, two and three lessons on Co-operation in the 4th, 5th and 6th books, respectively, and three lessons also in the 7th book of the Vernacular reading series for primary schools."

For the rest, our proposals are contained in the papers placed before us, I do not think I need refer to No. (6) and No. (7).

With regard to No. 8, the organisation of the Provincial Co-operative Conferences, we consider in this matter that the proper body to organise Provincial Co-operative Conferences in future is the Central Co-operative Institute. We feel that the provincial Conference should be a public body, should be based on definite relationships to the various organisations and should meet under the auspices of that Institute. That perhaps is not possible for the moment. But we ask under this resolution the Co-operative Central Institute to draft a constitution for the Conference in future and lay it before the next Provincial Conference. In the meantime, the Registrar should call the next Provincial Conference as hitherto. I think we are all at one with what the Honourable Mr. Lalubhai was saying a few minutes ago that our progress should be cautious, but



our object should be definite. Our object, in this matter is to bring the co-operative movement, generally speaking, into a public form. The committee want the whole work of education, propaganda, and supervision to be done independently of the Registrar. We want this as an ultimate matter and we want to move gradually. We do not want to take big steps at once. I think that if the proposals we have made are followed, we will be taking a definite step forward in making the whole movement more public than it has been in the past, and in bringing about a future condition of things whereby this Provincial Co-operative Conference shall be a public body, representative of the various Co-operative organisations and organised by the Institute in Bombay.

Those are all the points that I have to lay before this Conference, and I beg to propose that these resolutions be adopted.

*Rao Bahadur Thakoreram Kapilram* :—I beg to support the report moved so ably by Dr. Mann. He placed before you the principal points which were before the sub-committee for consideration, and he has definitely stated to you that the sole aim and object with which these resolutions were drafted and adopted was to place the movement more and more in the hands of public leaders and to relieve, so to say, the department itself, of the functions with which it is more and more burdened. That is the whole idea with which the resolutions have been drafted. Only on one point I feel rather doubtful, namely about the resolutions embodied in No. 5.

Of course, all enthusiasts desire that in the educational curriculum lessons should be put in the text books, relating to the subject in which they are interested. The question is whether such a course gives you any substantial return, and what I feel doubtful about is that if all the fads are to be thrust on the educational authorities, where are the educational authorities to be? Are they to be left with any discretion or judgment in the matter of preparing text books and of the curriculum suitable for educational purposes? However, the times are such that every body who is an anti-drink faddist wants lessons to be introduced in the text books on the evils of alcohol; there are others who want religious teaching to be given in schools and want religious lessons in the text-books. At that rate, your text-books will be very uninteresting. After all, we may pass resolutions here, but it is the department who will prescribe how many lessons can be done in a year, how many pages are to be taught, etc. We are not going to tell them that they should put lessons on co-operation at a particular page and within such a compass as to ensure its study at a particular time of the year. These are after all pious opinions, which, as it is the fashion of the day, let us have in this programme of the resolutions of the committee. But I feel extremely doubtful whether that recommendation is a sound one.

With these words I beg to support the report.

*The Honourable Dr. Sir Deviprasad Sarbadhikari* :—Sir, I had promised myself and promised the Conference not to speak again. But I am sorry I have to. In the first instance, I am an education faddist, and in the second place, with my friend Dr. Mann, I am an anti-drink faddist. I do not think that the fears of the last speaker are at all well founded, and I think we can carry all our fads profitably and in an interesting way into the text books if people charged with the preparation of them knew their work. The gentleman who spoke last will probably remember that there were text books in which the various processes of pin making used to be brought forward in a very detailed fashion. He must be familiar with text books in which the usefulness of the ant and other zoological specimens used to be brought out. We have lost sight of those old classical text books, and now we are in the hands of those inspectors, deputy inspectors and sub-inspectors, etc. That is why our text books are daily going down.

What have you to teach young people and what can you teach them usefully? All the great lessons that go towards the making of life must be brought vividly to them from the earliest possible moment (cheers), and where is the difficulty, Sir, in finding readers with very attractive lessons? Be not scared away by that terrific word. Where is the difficulty in teaching lessons on temperance, co-operation, fear and love of God, of the duty of being loyal to Government and being a party to further progress, along with many that are now being introduced absolutely uselessly in the text books? If the making of man be the object of

education—education is not mere instruction, we have instruction now, and I hope the time has come when we will think seriously of education,—I have absolutely no fears that the introduction of such subjects as co-operation in the text-books will be a difficult matter, and if we artistically work it up we shall have admirable text books, and the fads of which the last speaker was so much afraid will be properly brought out.

If I am not already exceeding my limits, I should like to say one word regarding another item in the report, communal societies. I have heard a great deal about the Brahmin societies, about the Shamrao Vithal Society of Bombay, which have been doing useful work. In my part of the country we are having similar communal societies. They have not taken in hand economic work yet, and if we could take a lesson from the work done here and the way in which your communal societies are doing their work, I think we should be learning a lesson which Bengal may well profit by.

*The Honourable Mr. Purshotamdas Thakurdas.*—Sir, the Honourable Dr. Deviprasad Sarbadhikari said that he made his remarks as a faddist. I say that he spoke as an educationist. I am afraid I cannot look upon myself as an expert in any line at all, and I cannot call myself a faddist. I merely speak on the lines of common sense, and I say that from a common sense point of view, looking back to what I read as a boy in the Gujarati first five vernacular standards, the lessons that I learnt then have still left upon my mind a deep impression. I think that the suggestion made by Dr. Mann's sub-committee as regards the inclusion of some lessons on co-operation in the primary text books deserves the full appreciation and approval of this Conference.

After the very eloquent way in which the learned Doctor has told the Conference of the value of education as different from instruction, I do not propose to say anything more, but wish to tell you that the lesson I learnt in Gujarati primary books regarding my duty to my mother, my duty to my brother and my duty to my fellow-countrymen had a lasting impression on my mind. I think any inclusion of lessons on the usefulness of co-operation in primary schools is a step in the right direction especially for children of agriculturists in the districts. With these words, Sir, I very heartily support that part of the resolution.

*The Honourable Mr. Curtis.*—The report moved by Dr. Mann is carried.

(6) *Report of Sub-Committee No. 5.*

(APPENDICES IX AND IX-A.)

*Mr. R. M. Sane.*—I beg to present the report of sub-committee No. 5 on legal and semi-legal questions. This question was taken up by the Committee on Co-operation and in its paragraph 79 on page 48 you will find that the remedy suggested with regard to recovering dues as arrears of land revenue has been rejected as not being in consonance with co-operation. So we thought it necessary to find out a way by which the enforcement of these awards could be secured more expeditiously and we have come to the conclusion that by placing these recommendations before the Conference, the High Court might be induced to issue a circular by which the object in view could be gained. The first thing which we have mentioned is this that "the enforcement of awards by arbitrators and decisions by the Registrar passed and given under the arbitration rules may be secured by having recourse to civil courts only. We suggest that such awards and decisions should not be sent for execution to the Collector and therefore Government notifications below\* noted and set out on page 106, High Court Civil Circulars, 1912, should no longer be applicable to such awards and decisions". To explain this point I may say that the Agricultural Relief Act is not applicable to the Co-operative Societies Act barring section 2 and section 21. Section 2 gives the definition of an agriculturist and section 21 relates to the imprisonment of an agriculturist. We are now concerned with section 2 and section 2 relates to the status and definition of an agriculturist. According to civil procedure code, section 68, Government have reserved to itself a certain power and we request that so far as co-operative societies are concerned this resolution should be carried. The reason is this. There were some 6 or 7 lawyers, who were practising

\*3600 of 1880, 762 of 1892.  
8039 of 1900, 5248 of 1907.

in mofussil courts, on the sub-committee and they are all unanimously of opinion that when the execution process goes from the court to the Collector it becomes a double process; it takes up more time than it would have taken if the court itself had to execute the decree. This is why we have made the recommendation that such awards should not be sent to Collectors for execution.

The second recommendation which we have made is that the High Court may be moved to direct by circular orders in their civil circulars that:—

(1) Awards and decisions sought to be enforced by co-operative societies should receive more prompt and sympathetic attention from the courts executing them than in the ordinary cases.

(2) Personal attendance of the decree-holder society should be dispensed with as far as possible in the course of execution, because it so happens that a decree-holder society has to come from very long distances every time and he sometimes fails to be present. The summons is returned with the remark that the man is not found and thus the process is again sent back and forth, entailing great delay in its execution.

(3) Applications for execution of such awards and decisions should not as a rule be struck off till they are fully satisfied. The applicant societies should be advised whenever necessary as to the steps they ought to take from time to time and for the execution of the darkhast. What we have found and many lawyers have found by their experience is that if the sub-judge or the court executing the decree pays no attention to this darkhast matter, there is a scandalous delay. What happens generally is this that the sub-judges have little time to devote to darkhast matters, and so applications are simply struck off.

(4) Government may be requested kindly to exempt co-operative societies from payment of process fees in execution of darkhast. For the present the process fees have been exempted on all darkhasts which are transferred from the civil courts to the Collector. So when we make this suggestion that these darkhasts should not be transferred to the Collector, we ask Government to observe the same process as regards payment of process fees in the court itself. It is in the power of Government to suspend that fee.

We are all unanimously of opinion that if these recommendations are adopted by the High Court and Government much of the trouble regarding the enforcement of awards and decisions by the Registrar would be obviated. So our unanimous recommendation is that the execution of arbitrators' awards and decisions by the Registrar should be left entirely to the courts and not to Collectors and that the High Court may be asked to issue suitable circulars on the lines suggested in the recommendations made by my sub-committee.

*Mr. Padhye* opposed the recommendation saying he did not know why there should be a different procedure in the matter of the execution of such decrees for societies and other creditors.

*Rao Saheb Walvekar* said he did not know why Government should exempt co-operative societies from payment of process fees in execution of darkhast.

*Mr. Ewbank* said he would like to ask Mr. Sane and the other members of this sub-committee to tell them on what general grounds they were to ask Government to exempt co-operative societies from payment of process fees. They knew that Government had already exempted the awards of arbitrators from stamp duty. The process fee is usually recovered from the defendant, who is evidently a bad member, a contumacious member, who has driven the society to take these proceedings against him, and therefore he thought that we ought to make quite certain that we have sufficient justification for making this request to Government.

*Mr. M. R. Tarkunde.*—The reason for process fees not being charged for can be explained away by this circumstance that in the course of execution through the Collectors generally the judgment-debtors are agriculturists and eventually the charges for process fees are borne by them and with a view to exempting these already indebted agriculturists from this burden the committee recommends that

such processes should not be issued by the executive authority under the land revenue code and I do not think Government would be put to any extra loss owing to these processes being exempted.

*Mr. Sane.*—Mr. Padhye has said that the sub-committee No. 1 has come to a conclusion on the position of liquidators and that comes in conflict with the text of the resolution of this sub-committee. It is not possible for one committee to anticipate to what decision another sub-committee might come. I may be allowed to explain the liquidators proceedings are of such a nature that they have to investigate every particular claim and after making all those inquiries in a judicious way there remains nothing to be inquired into. In order to come to a conclusion in arbitration proceedings I think a judicial mind requires to be applied to them. But such is not the case with liquidators' decisions. They are decided after several reports to the Registrar and after the opinions of shareholders are expressed. What is done in ordinary courts is that a certain issue is raised and a decree is passed on that issue and all other minor questions are looked into. However this difference should not keep you from coming to a conclusion on this proposal. It is even doubtful whether the recommendation made by sub-committee No. 1 will be accepted by Government. Even the Committee on Co-operation stated that they were not prepared to give us that help. So, as I said, it is doubtful whether the recommendation of the sub-committee No. 1 will be accepted by Government.

I therefore submit that the present recommendation may be passed.

*Rao Bahadur Naik.*—Sir, I think the idea that must have been uppermost in the mind of the sub-committee which has framed this resolution must be to allow the debts due by societies to be recovered like land revenue. The societies which allow their collection of debts to go into arrears must be badly managed societies. Very often a society for which a liquidator has to be appointed has many debts. That is the reason why many small societies had to be cancelled. And liquidators had to be appointed and they had to submit proceedings, to file suits, make recoveries and then to report to the Registrar. That procedure generally takes at least two to three years during which time the charge of the liquidators amounts to a great deal. Under the circumstances the process which Mamlatdars and Mahalkaries make use of for recovering land revenue would be more suitable.

*The Honourable Mr. Curtis.*—We are dealing with the report of sub-committee No. 5, and Rao Bahadur Naik is speaking on the recommendation of sub-committee No. 1 and it is somewhat irregular.

The resolution before the Conference is that moved by Mr. Sane and I would ask the Conference whether the recommendation made in that resolution should be passed.

The resolution was then put to the vote and carried.

*The Honourable Mr. G. S. Curtis.*—Gentlemen, this concludes our business to-day. Before we part I venture to thank you for taking so much interest in the proceedings. This is the first time I have had occasion of presiding over the deliberations of the Bombay Provincial Co-operative Conference.

I would like to make a suggestion for your consideration. When I came here I wanted to know whether the Conference had any definite procedure but I was surprised to find that the rules of procedure of the Conference had not been definitely laid down. I do not wish to find fault with the procedure of putting resolutions and amendments to vote as was done in this Conference but I would suggest that it would be advisable for the Conference when it meets again to have some rules of procedure drawn up as to how the votes are to be taken in the meeting or the rules of the Legislative Council had better be followed.

With these few remarks I thank you again for your attendance to-day. The Government of Bombay have taken great interest in your proceedings and I venture to hope that we may meet again in future years and our proceedings may always be instructive as they have been to-day.

*The Hon'ble Rao Bahadur Garud.*—Gentlemen, I beg to move a hearty vote of thanks to the Hon'ble Mr. Curtis for presiding for the last two days over the meeting of this Conference. We are all thankful to the Hon'ble Mr. Curtis for the sympathy which he has shown in presiding over our deliberations.

I also thank the Registrar for the great courtesy with which he has treated all of us and the help we received from his officers and staff.

I hope you will carry this vote with acclamation.

The vote of thanks was seconded by Mr. S. V. Mensingkai.

The Conference was then dissolved.

## APPENDICES.

## APPENDIX I.

## Note on Payment for Audit.

It may be noted at the outset that the remarks or the views contained in this paper are based on the writer's experience, which is confined to the Central Provinces and Berar and to only one form of co-operation, viz., credit co-operation for the agriculturists.

In one form or another the question relating to audit of co-operative societies and of the co-operative Banks has been engaging the attention of the Government, the Co-operators and the general public since a long time, but it is to be regretted that, in spite of so much discussion and consideration on the part of all concerned or of all interested in the movement, it has not yet been found possible to arrive at any satisfactory solution of the question. Our inability to arrive at any satisfactory solution can be accounted for by our over anxiety to be more theoretical than practical, and by our premature ambitions hastily to reach the ideal of self-help which has, in other countries, been achieved only after years of hard and strenuous work.

The difficulty is further aggravated by the somewhat inconsistent attitude adopted by those who are primarily responsible not only for the initiation of the movement but also for its growth on sound and progressive lines.

Personally, I have not yet been able to understand why so much importance is attached to this single question of audit. There are various other questions connected with the movement which we must solve first and then begin to think of requiring societies to provide funds required for the audit. In my opinion it is premature to require the societies or the Banks to impose upon themselves responsibilities and duties for the efficient and satisfactory discharge of which they would require funds far in excess of those they can provide out of their own business.

I am a thorough-going advocate of self-help. If the Co-operative movement is to be a popular and representative movement in the real sense, it must be prepared to bear all the charges in respect not only of audit but also of organization, education, management, supervision, control and even registration. To be ideal, the movement must be able to go on without any kind of external help or concession, statutory or otherwise.

It is, however, no use to be merely theoretical. We must be practical and as men of practical commonsense we must confess that the movement is not yet in a position to stand on its own legs. It does stand in need of outside help, financial as well as otherwise. The help must either come from private individuals or from the State. If this outside help is stopped I fear the movement would come to grief and we shall hear no more about it. It is everybody's desire that all the troubles and expenditure so far incurred and the success so far gained in consequence thereof should not be lost simply on account of premature efforts to enforce the ideal of self-help.

In connection with the question at issue, we must bear in mind the fact that co-operation in this country was introduced by Government, and not, as in other countries, in spite of Government. It is because the Government took the initiative, several non-official gentlemen volunteered their services. They have done excellent work, and but for their co-operation the movement probably would not have been able to make such a rapid progress.

It is necessary as well as desirable that some specified services should be adequately paid. It was, however, never expected that the societies would be made to bear and within such a short time the cost of all the services required by them. Time after time, new schemes are introduced. It is true that the societies do pay for these schemes, but it can't be said that the payments are altogether voluntary and free from hardships. Even with well paid service the movement is not likely to progress on sound lines without an amount of work of love and honour on the part of the leaders of the people. At any cost such work must be encouraged. If, however, the Government expects, and so soon, to be compensated for the services it renders to the movement we can't reasonably resist the temptation on the part of the non-officials to expect remuneration for their services. Such a result would be disastrous to the very illiterate, ignorant and inarticulate people for whose benefit the movement was originated. The Government must therefore be very cautious in renouncing its financial liabilities connected with the duties it has imposed on itself and it desires to continue to be responsible for.

I do not mean to say that the people should be encouraged to depend life-long on outside help, private or State. They must be made to bear their full share of the burden, and under the circumstances financial burden must be distributed in order of the relative needs of the societies and in proportion to the duties which ought to be undertaken by them.

Unless we apportion the financial burden in the manner indicated above, we shall never be able to relieve the general taxpayer of any burden, and the movement will never be able to do any real good to the people. Those who advocate the view that the audit must be paid for

wholly or in part by those who are benefited by it seem to ignore the fact that audit by a regular paid staff, Government or private, is, besides being mechanical, bound to be a source of additional harassment to the people. We must not lose sight of this danger in considering the question of audit contributions.

In the present state of the development of the co-operative movement, the system of payment for audit in cash or in kind is not only not satisfactory but is open to objection. In the present state of their finances we can't levy substantial contributions from the societies sufficient for the employment of an adequately paid qualified staff. So long as we have not got societies or auditors or local men competent to do the audit work, the audit must be done by a regularly paid staff. With the limited contributions received from the societies it is not possible to employ adequately paid qualified auditors and keep them contented. Such staff is likely to be more harassing to the people and it is immaterial whether they are harassed by Government servants or by servants controlled by Government. Harassment to the people can be minimised only if a well-paid staff is engaged, and such staff can be engaged only by Government. Contributions in one shape or another would not be of any material help to Government. Audit must be independent. It cannot command public respect and confidence if it is controlled by the societies or conducted by the Government through low paid staff. Besides, even from a co-operative point of view it is not logical to make societies pay for service which is not under their control. That is not self-help.

I have stated before that no reason is given for exhibiting so much anxiety for audit expenses. There are other matters, such as organization, registration, education, and lastly supervision, control and inspection, every one of which is closely connected with audit, in respect of which we find that large sums are spent by Government. Sums spent on all or any of these objects are much larger than those spent on audit proper. I say that larger sums are spent on these objects because I find that a larger portion of the time, energy and abilities of the Government servants and others paid by Government are bestowed on these objects rather than on audit proper.

To my knowledge it has never been suggested that the societies should bear a portion of the expenses incurred on these counts, although it is but proper that they should do so in respect of some of these objects, such as organization, inspection, etc. What part, then, the audit really plays in the field of Co-operation? If our organization is thorough, registration proper, education satisfactory, supervision, control and inspection efficient, there seems no particular object in attaching so much significance to audit.

The question of "Payment for Audit" now before us can't be taken by itself and dealt with singly. It must be dealt with as a part of the broad and general question, in respect of the respective duties and liabilities, financial or otherwise, of the societies, private agencies and the Government. Unless the duties and the liabilities are clearly defined the apportionment of the expenses anent thereto is bound to be difficult and unsatisfactory.

What I have said before about organization, education, etc., may not be taken to imply that audit can be dispensed with. I believe in audit. I believe that it should be independent and efficient. But I fail to see how an audit conducted by the same department which has either reserved to itself or which actually discharges the functions connected with organization, registration, control, etc., can be expected to be independent or efficient. Fortunately, the investing public are accustomed to place implicit confidence in State conducted or State controlled audit. But the system in my opinion is so obviously defective that the people may at any movement lose confidence in the audit conducted thereunder. So long as the people continue to entertain the peculiar liking for Government audit more or less encouraged by Government's own attitude in this respect, the Government must continue to be responsible therefor in every respect. At the same time we must endeavour to remove that feeling from public mind and make them believe in private audit. This, however, is not possible if we continue the present system.

The discussion of the question now before us is, so far as I know, influenced by financial considerations only. To discuss the question from one point of view only is, in my opinion, not an adequate treatment of the subject. Financial considerations are no doubt, important. It is nobody's desire that the general taxpayer should continue to bear in perpetuity all the financial burden. The only means by which we can hope to remove this burden entirely or to reduce it considerably is by dividing the duties and the functions and the financial liabilities in connection therewith between the Government and the non-official agencies. So long as the duties and the functions are practically combined and continue to overlap each other it would be exceedingly difficult to instil the principle of self-help, and it is unreasonable to saddle the people with monetary liability without letting them exercise corresponding and appropriate rights.

It is anomalous to conduct audit through different sets of auditors both possessing very nearly the same qualifications and capable of turning out the same quality and quantity of work. The one under Government service gets higher salaries, has better prospects of promo-

tions, while the other has not got such prospects. The latter class of auditors have got no influence and have no heart in the work. It is therefore, that we find that the audit done by such auditors fails to serve its purpose.

Audit must be of some educative value. It must be instructive and not merely mechanical. Having, however, regard to the volume of work which the auditors are expected to turn out I don't think they are in a position to impart regular education. For imparting education regularly we must have separate whole-time agency for which we are entitled to reasonable contributions from Government. Such help or contribution is not against the Co-operative principles. It is now universally recognized that it is the duty of the State to propagate the ideas of Co-operation as an important item in the programme of education. Under the circumstances, all that the auditors can be expected to do is to perform the duty of the examiner or the adviser. For services on both these counts the movement is justified for the present in relying upon the Government for help, free of charge.

With a view to make the societies appreciate their responsibilities fully and to enable them in due course to bear their full share of the financial burden we must, as I stated before, divide the duties and the functions between the societies or their representatives on the one part and Government on the other. To the former I would assign the executive and administrative functions, such as organization, management, supervision, inspection and subject to the qualifications noted above, I would include education also in this category, since I believe that education must be in the hands of the people. To the latter, I would assign the judicial functions such as registration, audit, settlement of disputes, liquidation. As education advances and funds permit some of these functions with corresponding liabilities might be transferred to the societies or their duly elected representatives.

Rights and liabilities must go hand in hand. It is unreasonable to reserve rights in one's own hands and transfer liabilities to others. Experience shows that the imposition of such liabilities cripples the societies and disables them from discharging efficiently the duties which in the first instances ought to fall to their lot. The numerous inspections by the Government staff, the clerical and the ministerial work which they have more than often to do for the Banks or the societies, and the efforts which the Government servants have to make in finding out working capital for the Banks, can to a large extent be attributed to the diversion of the limited funds which the societies ought to be allowed in the first instance in building up strong reserves and in maintaining adequate fluid resources, and in improving the education and the management of the societies. In a province like the Central Provinces the necessity for strong reserves and fluid resources is pressing, as we have to deal with people who have no transferable interests in their lands. Similarly, the education of the societies and their management must have a prior charge on their funds. Funds at the disposal of the Banks or the societies are either insufficient or barely sufficient, to meet these primary obligations. Under these circumstances their liability for audit charges must be postponed. Having regard to the experience I have gained, I am inclined to think that some of our Federation By-laws, especially those relating to audit, are premature.

In my opinion it is premature and unwise to enforce too rigidly and too suddenly the principle of self-help. No improvement is possible without money. It would not be possible to relieve the State of the financial burden unless we lay down for ourself a policy somewhat on the lines indicated in this paper.

My answer, therefore, to the question before the Conference is, that the Government must continue to be responsible financially, as well as otherwise, for the judicial functions including audit till such time as the societies are in a sound financial position to conduct and control, without prejudice to their primary obligations, audit through their own representative institutions such as Federation.

**N. K. KELKAR,**

Governor,

Co-operative Federation,

Central Provinces and Berar, Jabalpur.



## APPENDIX II.

## Co-operation and the Educated Classes.

Co-operation must not be confounded with charity nor with taxation or any form of compulsion. It is co-operation pure and simple. It is social work of the highest and the most comprehensive order on a voluntary basis; it is social service of the most effective and far-reaching character founded on suasion and economic expediency.

My appeal in its favour would be strong and insistent to my educated countrymen, who are daily realising the need of re-organising social life and social service on a modern and up-to-date basis of efficiency.

The good Samari an has ever to be alert to the call of suffering humanity whenever and wherever it may come from. *Nara-rupi Narain*—and *Daridra Narain* in particular—has demands and claims that no one can or shall resist. There be those who contemplate the great *Bramha* as *Nira'ar* (spelt with a short *i* and implying He without shape or form); others contemplate Him as *Necra'ar* (spelt with a long *ee* and implying the well-known elemental form of primordial water). But the right thinking, according to others, again would have the concept of humanity (*Narahar*) in contemplating Him; and their cult and worship would be—not of the *Compte* order, but—adoration of Him and performance of that which to Him would be acceptable, namely service to man, whom according to another great creed, He made after His own image. This is true and high grade Vaisnavism,—or Christianity, if you like to call it,—and it finds wide acceptance in the right quarters, whether in the East or the West. Upon such immutable and irresistible truth would the appeal for service to man in the shape of co-operation be, indeed, broad based.

None dare resist the re-ordered progress of things, if social reconstruction is to proceed upon sound and unassistable lines, capable of standing the test and strain of time and all that it brings. And why is this pre-eminently and essentially the work of the educated? Of him much shall be expected and exacted unto whom much is given. The last in the long line of modern evolution, Man's place according to the ancient sage as well as recent, is exceptional. And he who has attained this height above his fellow animal and whom his fellow man, at untold sacrifice, has furnished with weapons and resources that "Education" with all its imperfections, yet strength, connotes, has exceptional obligations. They are founded on inexorable laws and ethics that hold good for all time and with time gather strength. They furnish the surest though ordinarily unperceived foundation of all social forces.

Man so endowed has to pay his reckoning honestly and in time; else the great fabric, of which he is a part and by which he and his after-comers would benefit, would be crushed unto unrecognisable dust, by rapid revolution, of appalling proportions.

Call this socialism if you like; but it is socialism of a pure, serene transcendental order and not of the type that has been disgracing civilization and humanity in the East and the West, even on the wake of the greater Peace following a great War. As Sir George Lloyd put to the Convocation of your University the other day, this war has no more eradicated the evil passions from among nations than it has from individuals. Isolation and individualism have their merits and uses in a circumscribed and limited way. But honest, effective and thorough going co-operation in all departments of life must be the watchword and the war-cry, if Bolshevism—material as well as intellectual—is to be laid low and the steady triumph of law and ordered progress are to be ensured and maintained. In deploring "Sensational decrease in output," when we are "spending more and producing less," the Premier urges that "steps be taken to humanise industry, by seeking the co-operation of workers regarding the condition of work." Else the world-wide chasm cannot be bridged—chasm "at the bottom of which is ruin." The Profiteers Act and the Industries Bill are some of first fruits of development in this direction. The strength of a chain is the strength of its weakest link. Talk as much as you may of self-realisation, self-determination and autonomy in the polity of nations, you will never achieve them, with a gangrenous and festering canker in the very core of the body politic. If higher considerations will not prevail, low grade considerations of expediency ensuring some sort of safety, security and continuity, will determine the situation.

Like doomed Royalty of old, one may not play on pipes and flutes with impunity, while one's neighbour's house is on fire. In modern built cities, away from Capuan heights, fire spreads quick and is no respecter even of an aristocrat's abodes, surrounded and safeguarded by luxury and abundance. You can no longer pretend to wonder why people do not have cakes and sandwiches, if there is not enough bread to go round or why aerated water could not do if the village tanks have gone dry or are muddy. Europe's vacant thrones will tell their own tales. Mr. Lloyd George earnestly questions the wisdom, fairness and generosity of giving de ocracy the impression that the Government was guilty of nothing but mistakes, scandals and inefficiency, putting nothing to the credit side, "when all systems of Government were being challenged." His plea for co-operation is equally earnest and must find a response in India. Humanity in the tropics is not different from that elsewhere. Hunger and thirst in your thickly crowded neighbourhood, bad houses and no houses, insufficient clothing,

neglect of elementary sanitary laws, continued ignorance, all beget epidemics of disease, crime and social disorder that Hygia, Utopia and Arcadia rolled into one cannot resist. Self-preservation must precede self-advancement, not to speak of self-determination.

Lack of real and honest co-operation is showing mischievous results in many spheres of life. The world-wide disaster and distress of which India is having its share—some would put it more, some less than its share—except so far as due to natural and unavoidable causes could be appreciably minimised if the right notion of things prevailed throughout, and if organisation in general was more assured. But the speculator and the profiteer swamped these notions and the awaking is late, if not, indeed, too late.

Some European countries have as a post-war measure decided to give short enough shrift to the profiteer, for the extreme penalty of the law is not considered by some to be too much for these amiable gentry, let alone the mild provisions of the measure just passed by British Parliament. And America proposes to renew its smouldering campaign, against Trusts, for the war, which had to yield to exigencies of the situation, has brought terrible things to light that can no longer be ignored. It is not Mexican brigands alone demanding and exacting ransoms that the United States have to reckon with. It may be possible to retraced the steps yet by timely and firm handling of the situation. That is a world problem in solution of which the "open sesame" of co-operation must be adequately invoked. Unless all this is done betimes and in absolute earnest, terrible retribution will soon follow. More eyewash will not avail and honest downright action is needed to avert perils, compared to which perils Yellow, White, Black and Brown, and all put together, will prove negligible and insignificant. When long suffering humanity rises in determined revolt, no long sleeping crater in action comes near it in violence. But disordered humanity is not always blind to its own interests and the larger interests of the world, as some wanton advocates and engineers of unrest in the East and the West are slowly beginning to show. Now is the time to clinch.

The demand of normal humanity is small indeed and very small. To live and let live is all that it asks for. The luxuries and elegance of civilization have but a secondary place in its programme of requisitions. Humanity at large is content to let the upper ten poison, debase and weaken itself to its heart's content. To be tolerably fed and housed and clothed, to be decently treated in illness and to be suitably educated is about all that average humanity demands. And it is no extravagant, exorbitant or impossible demand. The resources of the world are not yet unequal to it, though three blades of grass cannot be made to grow where two or one grew, and, though perversely enough, "jaded and torn nerves," as they are apologetically put, are "spending more and producing less." The cure would be mostly a question of sympathetic yet firm and purposeful organisation and equitable response. The cult of creating and raising wants and exaggerating so-called wealth is comparatively recent and ought to be suspended at least in a society which acclaims:—*Kaṁpeen-bantah khalu Bhagya bantah* "Blessed are they that own nought but loin clothes." The new school of economic thought is bringing untold misery in its train, though paper figures may run into luxuriant and mouth-filling trillions in the world's House of clearance in spite of quaint Exchange gyrations. Not alone to the elect and the idealist but to average normal and sane humanity, "Want of Want" has always been, is and will be ideal wealth, which, like learning, "no thief can steal nor a parcener claim." To talk glibly of high thinking and plain living and to indulge in undiluted plain thinking and high living withal, would but worsen the situation. Savoy teas, Carlton lunches and Ritz dinners, De La Rue stationery, Rolls Royce automobiles, motor yachts and West End clothes do not necessarily make up human happiness.

This may be primitive and may be even pronounced pessimistic; but it is normal, healthy and sound all the same, so far as normal humanity is concerned. If the bulk of one's passing troubles are to be avoided and "grace abounding" ensured, the guiding notions of humanity must revert, betimes, to this old world basis.

And real culture, education of the head, the heart, the soul as well as of the body is calculated to achieve this end. To have "kingly wisdom and a navvy's muscular frame," is according to the sage the true goal of education. Hence it is the place and privilege, the duty and obligation of the educated to lend a helping hand to widespread and intelligent spread of the principles of co-operation, with prayerful whole-heartedness. "They know and therefore shall they do."

And furthermore:—It is a case of expiation as well. Recent education has in some respects shaken and unloosened the foundations of society—at least in this country—as it was of old. Hence our double obligation to put matters aright. I shall not, in this concern, presume to speak in detail of what obtained in other parts of the world or even this country. I shall confine myself to my own part of the country, which I know slightly better than the others. "If I have but a handful thou shalt have half," was the accepted and unalterable social maxim not very long ago. The joint family system with all its drawbacks and handicaps was some insurance against general poverty and degradation, specially in the middle and lower strata of life, though in time owing to slow creeping and deadly abuses this very system, devised and developed for the best of purposes, brought in its train poverty and social weakness in general. And in the wake of the spread of this weakness comes the need of organised charity which was

never needed in the East as in the West, except on a religious basis. The same observations apply to the decaying caste system. It is however the old old story of the giant *banian* growing out of the crevices of a stately mansion, breaking it up bit by bit and ultimately holding together the broken pieces in some sort of "detached cohesion" and ensuring it in some measure against wind, earthquake and storm. Too many drones got into the hive and it could not bear the strain; such social action and reaction would be inevitable and would lead to final disruption, if every one did not keep his weather eye open at all times and if suitable changes were not made in the social fabric to keep pace with advancing times. But, alas, our Amending Social Legislature has been steadily at fault.

The final break up of the family systems in Bengal, in spite of the elastic laws of inheritance, is largely traceable to the educated community with its growing ideas of independence, elegance, if not luxury and with its expanding individualistic notions, specially in the female folk, yet waiting according to some for light and education. When the proverbial "handful" under these circumstances, as well as owing to economic stress, ceased to suffice for him he would naturally not have the "half" to spare for his own people, far less for his neighbours. The mischief was all the greater because he did not remember and give effect to the oldworld holy yet worldly and businesslike teachings of the *Upanishads Annam Bahu Kurbita—Tadabratham* (Taitwkiyria Upanishads—Bhrignaballi) "Let food be multiplied and let that be a duty."

An indifferent money-making and food-producing machine though the modern educated man might be, he and "his,"—fast multiplying—would in time be merely so many mouths to fill, without ability to contribute to the multiplication of the wherewithal. And the lapsing joint family system discarded by the lusty breadwinner, anxious to shake off the encumbrances, has the old man of the sea back again on his none too supple neck the moment he begins to rear a family of his own; and the process goes on repeating itself without securing proportionate social strength.

The industrial semi-awaking is but recent, indifferent and half-hearted. Pseudo-individualism would cease directly one's own family building feat achieved success and the discarded system would reforce itself upon him and "his," though for the time in a slightly modified shape. And at the time of trial, strain and stress he would again see its efficacy, if not its beauties. Europe saw such efficacy during its recent tribulations and promised itself restraint, revision of ideas, and reconstruction of thoughts, methods and notions. Central eating-houses where Duchesses cooked and central baby nurseries where Princesses washed, released the war workers, and joint family ethics, whether of the Spartan or the Hindu order, reasserted themselves; amidst surroundings of glamour and squalor, man realized once again, in copy-book language, that he is "a gregarious" animal.

With returning peace and all that would come in its train there is naturally further revision of ideas, nay—retroversion. Individualistic ideas are not proof against crying housing and food questions and waste and want that have followed the war and peace, are leading to world commotions. The "house of peace" will have none of the war-camp ideals, and perhaps it is as well that that should be so. But war can never be eliminated from the world's concern. The world is and always will be at war of one kind or another—not necessarily always of the drum and fife order; it is therefore never right to lose sight of the need of pooling of resources, to provide against contingencies through which the world has just passed.

Modern principles of co-operation are but a reflex of this notion. The school boy will remind you of *Æsop* traditions about the belly and the other limbs and of the thousand and one processes involved in the making of a paltry pin, that the same hand could never make sufficiently cheaply and efficiently. Latter day superfine and super-specialised mechanism tells you the same tale and this spirit of co-operation is nowhere more in evidence than in a well organised factory, workshop or warehouse where the very metal and timber forming the machinery are automata, almost endowed with brains, such as the cinema loves to show. Diversified specialization teaches the same lesson in the domains of abstract knowledge. The universe that *Prakriti* and *Purush* evolved tells ever, aloud, the undying tale of co-operation except to the staunchest of *Adwaitin*.

Now to the mundane affairs of life :—The villager of old who was short of his supply of rice or some other necessity some day and therefore obliged to borrow from his neighbours who had to spare, would return the loan at the earliest possible opportunity. He would return it with a little complimentary present to mark his sense of appreciation of the good offices of the *Mahajan*—the real and the veritable *Mahajan*—the great man—the good Samaritan, whose long-sighted prudence enabled him to provide against the rainy day and who out of the goodness of his heart would spare his superfluities for the relief of his neighbour in distress. In the same way he who had knowledge to spare—though he had no stores or money—would impart it freely to all comers, and the strong man with his sturdy muscular and sinewy arms would defend his fellow villager's corn and cattle and homestead. The village priest, the village *Vaid*, the village carpenter, ironsmith, tanner, shoemaker, potter, forester, boat builder, cartwright did each his humble part in building up the now laughed at village community. The village, separated at times by wide and impassable belts of forest land and riverain tracts,

with difficult communication was a self-contained little world of its own, which trade or war only now and again brought before the world major. The co-operation of crafts (or castes if you like to put it so) was the rock-built foundation of this superstructure. In joy and sorrow, when funerals, weddings or amusements were on in any house (or at the central *Barwaritola* or club where "twelve friends" met) the village turned out *en masse* and contributed each in his or her way to the village stock, of wealth and merriment or sorrow. And *Jatras*, *Kabis*, *Kathakatas* and *Panchali* and *Tarja* or *Kirtan* as it might be, would lend colour to village life, which had not the latter day gray and drab, the perennial sombre hues that nothing will now brighten or cheer. That was before the *Mahajan* was turned into the fabled monster of stone and became the grinding greedy interest-grabbing spectre of the latter day, whom the Deccan Agriculturists' Relief Act and many a similar measure have found difficult to dislodge.

That was the beginning and the making of co-operation. And co-operative stores of a sort came in its train. To provide for contingencies the thrifty villager would bring in his superfluous stock in time of plenty to the central *Dharmgola*—the depôt round which *Dharma* or religious merit grew and that, like the strong ligature so admirably represented in the noble and soul inspiring idea of Religion, held together the human fabric in peace and at times assisted towards plenty. Farm produce, agricultural produce and forest produce would at times be thus pooled against the lean year and when the stock was needed to meet contingencies it was administered on equitable terms under the supervision of a righteous and responsible *Panch*, and furnished the famine insurance stock. In passing one would like to know whether the olden *Arudari* system of the true *Mahajan*, debased by the latter day commission agent, had anything to do with this system of pooling so different from hoarding.

This is no exaggerated and roseate a fancy sketch, for some of it it was my good fortune to see before the Burdwan fever, now known by its Italian sweet name Malaria, devastated beautiful Bengal villages that no Goldsmith or Gray has been born to portray.

Before the recent co-operative movement fructified and materialised in Bengal in its present shape, Babu Parbati Sanker Roy Chowdhury of Tecta, in the district of Pabna (Bengal), attempted to revive the old *Dharmgola* or Central grain Bank system, with modern conveniences and safeguards. He was a far-sighted and public-spirited Zomindar who worked alike in the interest of his own class, fast losing its old prestige and prosperity, as well as in the interest of the ryot ground down by standing poverty and recurring scarcity which left him no margin or staying power. He put forth great efforts in this direction and spent much time, energy and money for advancement of his ideas. But as happens in these cases he failed, for he was promptly put down as a faddist and voted a bore who did not understand modern methods of traffic, transport and exchange. And there is nothing so fatal to a cause however worthy, as for its exposure to be voted as either a faddist or a bore, across the lunch, tea or dinner table at the club, whether official or non-official, and whether Eastern or Western.

Where Babu Parbutty Sanker failed, the co-operative department is in accord with Kipling's stimulating sentiments, trying to pick up the shivered fragments bit by bit and rebuild.

It is up to India's educated sons to co-operate in the planning, shaping and sizing of this essential plank of Nation Building, and my appeal is in that behalf.

The industry of India being essentially agricultural, the awaking conscience of Government in this regard naturally concerned itself about agriculturalists. The Co-operative Societies Act (X of 1904) was passed to encourage "thrift, self-help and co-operation"—principally among that class of persons. Prior to this, these societies could not, as Mr. Calvert points out in his well-known book, be organised under a recognised legal form except under the Indian Companies Act. And even this could not be done without incurring burdensome restrictions. Considering the excellent work that has been done in Bombay, friends of Deccan Agriculturists, who had many years to be insufficiently relieved by an irksome and not altogether satisfactory process, cannot help regretting that the Act of 1904 had not come much earlier. The potentialities of legislation like this were at once perceived. After the monumental labours of Sir Edward MacLagan, now engaged in a still more important, irksome and exacting a task, in which, I am sure, we all wish him godspeed and entire and early success, the scope of the Act came to be further widened. And in 1912, according to the preamble of the Act of that year, it was decided "further to facilitate the formation of co-operative societies for the promotion of thrift and self-help among agriculturists, artisans and persons of limited means." Although therefore the first care and objective of our legally constituted co-operative societies are the agriculturists, whose claim has naturally been placed in the forefront, persons of limited means in general, have equal claims under the Act, in the larger interest of the body politic as a whole. This was in effect my answer to those of my critics who desired to oppose the recent scheme for the inclusion of the large body of municipal menials in the co-operative societies organised for the benefit of the better paid and clerical staff of the Corporation of Calcutta. The *Statesman* newspaper in its observations regarding the scheme, which is engaging the attention of a specially appointed Committee of the Corporation, says:—

"In the latest issue of the Bengal Co-operative Journal Sir D. P. Sarvadhikary puts in a kindly and very practical plea for the application of the co-operative principle to the menial

employees of the Calcutta Corporation. Of these there are some 8,000 and Sir Deva Prosad has been struck by their helpless dependence on the Kabuli money-lenders when pay-day comes round. At the present time their wages, never too magnificent, are all too small to supply their needs. Sir D. P. Sarvadhikary's most promising suggestion relates to the possibility of assisting them to found retail stores on the lines of the great Rochdale co-operative movement of the thirties of last century. The poverty and illiteracy, no less than the uncertain habits of many of the menials, would constitute difficulties, more especially at the commencement. The project of brightening the lives and increasing the self-dependence and self-respect of these people is worthy of accomplishment, however, and it may be hoped that more will be heard of Sir Deva Prosad's proposal."

The *Bengalee* has taken up these sentiments and good wishes of the *Statesman* as a manifest "part of its mixed cargo." We have thus Indian and European testimony in favour of the desirability and feasibility of the scheme.

The petty wage earner of India is no less important and numerous a body than the agriculturist and for the uplift of both of these, by help of co-operation, the educated man has to lend a strong helping hand. The lack of education among both these bodies of men is notorious, and abuse in connection with co-operative societies started for their benefit is therefore frequent. To prevent these abuses, as well as for promoting the advancement of the work of these societies, I ventured to put in a very strong plea for the improvement of literacy in these bodies. I shall not burden this paper with a repetition of the arguments in this behalf. They are fully set out in the paper on the subject which on the invitation of Mr. J. Donovan, the capable Registrar of Co-operative Societies in Bengal, was submitted to the Provincial Co-operative Conference at Calcutta last cold weather under the presidency of our popular and sympathetic Governor Lord Ronaldshy who takes a great and real interest in co-operation.

Bombay is to be congratulated that it has a Governor deeply interested in this aspect of social work. His Excellency is worthily supported by your distinguished and devoted Registrar whose thorough going methods have achieved great success. It was a peculiar pleasure to me to be able to accept Mr. Ewbank's kind and courteous invitation to come and renew my plea under the strength inspiring presidency of Sir George Lloyd who brings to bear on this subject a willing and open mind, varied experience and the will to assist with such strong influences at work in Bombay and Bengal and with steady progress of measures for the promotion of literacy, nay education, among members of our co-operative societies, the best of results may be looked forward to at no distant date,

But that can touch only the outermost fringe of the issues. Expansion and extension of literacy among the members of the societies may be effective preventives of abuse and may also help administrative smoothness. But the work must be long engineered by the educated classes. They must afford the filip without which the movement will fall flat wherever constant and vigilant Government action is lacking.

In bespeaking the co-operation of the educated in aid of co-operation it would be a truism to urge that it assists in the growth of self-reliance and self-respect, and is bound to have unbounded influence on nation building.

Standing between the extremes of ultra individualism and super socialism co-operation would act as a strong and effective barrier against Bolshevism—the greatest enemy of ordered progress, that is casting its net far and wide under different names.

Unfortunately for the country and the movement there are among us some—fortunately very few—who will not seriously assist in co-operative work, possibly because they think that the movement is official "eye-wash" to cover our miserable plight. If they will consider the situation seriously and dispassionately the movement will appear to them in a truer light and perspective and they will no longer prefer to sit still and merely criticize. I would invite them to turn their energies to real constructive work, for the good of one's "very own." He would be entitled to our lasting gratitude who could inspire the rank and file of the youth of the land with unsimulated enthusiasm for social work on co-operative principles and could impress upon them what a wonderful force these principles may become in building up a nation.

And as your worthy Chancellor reminded you in his vigorous Convocation address mere phrase-mongering will not achieve this end. Thorough-going practical work in detail and minutiae, due attention to requirements and environments must be the first effective step towards success. Selfless devotion to the "saving of small coins" must be the first objective of our educated workers. Marshalling of our assets in the proper way cannot be otherwise achieved and you cannot begin low down enough in society.

It is almost a bathos to speak of mundane trifles like the *Mehtars* and *Dhangars'* Co-operative Society at Calcutta in this strain. And yet the need for it is a stern reality. I hope it will soon come, and with the aid of my educated countrymen. It can never expect to be started, financed or worked unless some educated people feeling and admitting their obligations were to come forward with practical and concrete assistance. I am free to confess and am glad to admit that good work has begun and we have made a fairly promising start. The *Chamars'* or *Shoe-makers'* Co-operation in my neighbourhood in Calcutta, generously financed by

Sir Daniel Hamilton, to whose early return to India we are looking forward with expectant interest, owes its genesis and efficacy to the assistance rendered by the educated classes. And that Sir Daniel Hamilton's *Sunderband* Agricultural Scheme is not yet as successful is due to the lack of interest of what I would call the educated *chasha* or practical husbandman. The Students' Co-operative Stores in the Bangabasi College and other educational centres in my neighbourhood are object-lessons in support of my plea and proposition; these could be, but need not be, multiplied. That a long-wanted Fisherman's Co-operative Society, also in my neighbourhood, has not been yet started is as much due to the money-lenders' influence as to my inability to induce some of my friends to take up the matter in earnest.

The Government co-operative milk supply of Barasat (Bengal) ought to teach how young lives can be saved and how cows can be improved.

And that District Loan offices in my part of the country, and not Co-operative Societies and Stores are quite prosperous in the mofussil is because the district leaders make large profits through these Loan offices by "judicious investments" and are, alas, unwilling to forego their *Mahajan* role. I hope my plain speaking will not hurt them, and I hope it is different in Bombay. I give some indication of both sides of the shield to show that where the educated man has chosen to come forward, he has as a rule succeeded and earned blessings and where he has hesitated he has not only not succeeded but has hampered good work. The educated man has immense potentialities in these directions which he and our rulers are but slowly realizing, and which have to be turned to good purpose. If the Calcutta postal strike did not succeed it was because the Calcutta youth promptly decided to co-operate with the State and the City, which brought the striker to his senses on the double quick. The Bengal Ambulance Corps, the Calcutta University Corps, the Bengal Light Horse and the Bengalee Regiment and some of the labour and clerical corps that did good work in the recent war are but some small but nonetheless important examples of what the educated can do if they loyally decide to co-operate. And the promising success of the recently started industrial and economic movement illustrated by Indian managed limited companies with over-subscribed capital, will not be without significance if dishonesty, blunder, lack of organization and lack of mutual respect and confidence will not be permitted to bring on another industrial and economic crash.

The agriculturalist problem could be best tackled by the educated classes because they are the best in touch with it. Therefore it is but right that Government should do this portion of the pioneer work and it is doing it well. But much more remains to be done as was clearly brought out by Mr. Taruk Ch. Raj, Joint Registrar of Bengal Co-operative Societies, in a recent address at the Calcutta University Institute.

I am not very sanguine that, even when co-operatively organized, these artisans will be themselves ever liable to successfully compete in the market. The Department of Co-operation is at pains to find markets for the few producers' associations that have been organized, but it is at best a makeshift. Government cannot do the work for all time. It is idle to expect the artisans ever to be able, if left to themselves, to regain the markets which they have lost. The markets which still exist for their commodities are ruled by Mahajans, and as soon as the artisans are freed from the hands of the Mahajans they will lose the markets, unless they are taken over by some other intelligent bodies. Associations of consumers alone can fill the place from which the Mahajan must be dislodged.

At the Simla Co-operative Conference last year, at which it was my good fortune to make the acquaintance of Mr. Ewbank and Mr. Lalubhai Samaldas from a somewhat respectful distance, we pressed for further strengthening of the co-operative staff and greater banking facilities. Government is furnishing both, and better results may be expected in the near future.

It is for these reasons that I insistently call upon my educated friends to do their part of the work and to apply their shoulders to the wheel and support so hopeful a start if they are honestly desirous of doing the country's long-neglected but absolutely essential work.

They can do this without going much out of their way, and with assured and great benefit to themselves, and to their people, if they will but lend a helping hand to the movement in the direction indicated which will appreciably relieve the Government Department and set it free to do agricultural co-operative work on a larger scale. Their efforts would be welcome—nay valuable—in the fields of education, industry and sanitation, each vast in itself and upon which Government resources, even if set apart entirely for those purposes, would but make an insufficient impression. The primary education Legislation now accepted by all provinces, afford immense possibilities. The recently started anti-malarial co-operative organization in Bengal would open out another limitless field.

Registrars like yours, and like Mr. Calvert in the Punjab, Mr. Collins in Bihar, and like Messrs. Gourlay Jamny Mohun Mitra and Donovan in Bengal have done a considerable amount of more than spade work. In Indian states like Gwalior also much has been done by men like Mr. Hamilton.



But Registrars come and go. The movement must look to non-officials to preserve a continuity of policy, and for final and comprehensive upbuilding and assured maintenance.

In many provinces Registrars have succeeded in enlisting the active assistance of the educated classes, but much remains yet to be done.

Registrars and Joint Registrars and their staffs and auditors will never be adequate for covering the enormous and growing field of work awaiting us. Government can undoubtedly set the pace, set up the standard and do pioneer work in general. It is the place of the people and the leaders and their representatives to do the rest.

There is unfortunately far too great a tendency yet to depend on paid staff for propaganda and organization. In some provinces paid staffs are being multiplied to an extent which would make friends of co-operation anxious, because there is not yet proportionate popular response. If self-government is better than good government and government by the people is better than government for the people, here are chances for those who profess belief in self-government, which, to say the least, have not been adequately utilized.

All great ideas filter down from the educated classes to the masses—this is true of co-operative ideas and principles as of any others. That is one more reason why the educated classes have to move in the matter quickly and with a will on organized lines.

Apart from assistance in the development of co-operation by way of benefitting the masses, the educated classes can take direct advantage of co-operation much to their benefit. High prices have affected the educated classes more than the lower classes, for obvious, but not easily grasped, reasons. Our lower middle classes are notoriously the worse hit and these classes furnish our educated people for the most part. They can form co-operative stores, and what these can do if properly handled has been but feebly demonstrated by the growth of co-operative stores in certain colleges and schools attached to the Universities. It will at least lower prices and improve quality as much as possible and will at the same time teach young men business habits—not a small gain by itself.

I shall not labour the obvious point at greater length but would finally support my appeal to my educated countrymen by quoting from authorities that can never be resisted.

Sir Fredrick Nicholson summed up his monumental work on agricultural banks in two words:—"Find Raiffeisen." "The future of the credit movement lies with those educated men, who, being of the people, live among the people and yet by their intelligence, prescience and energy are above the people and who will take the word 'Raiffeisen' not as indicative of any particular person or system but of the zeal, energy and patience and continuous devotion so thoroughly exemplified in that great reformer and of the spirit of co-operation, thrift, self and mutual help and will work enthusiastically and selflessly so as to uplift the moral and material condition of their less fortunate brethren."

Lord Curzon, in summing up the debate on the passing of the Co-operative Credit Societies Act, said:—"If the feeling that he [the *raiat*] should be helped is as strong and as sincere as I believe it to be among the Native community, they have in this Bill, as pointed out by the Honourable Mr. Adamson, an unrivalled opportunity of giving a practical and unostentatious demonstration of their sympathy with the most deserving and the most helpless class of their countrymen. Will they take it? Government has played its part. I invite them to play theirs."

"The true interest of the educated classes and the masses," observed Lord Carmichael in his speech delivered at the opening of the sixth Bengal Co-operative Conference, "are one, although this has not always been recognized in a practical form here any more than it has been in other countries. The improvement of the material condition of the masses ought even if only from a selfish point of view, to be one of the chief cares of the educated classes. The best security for such improvement is the recognition by the educated classes of their duty towards the masses."

And I can do no better than to conclude my own lame and halting appeal, in the forceful words of your trusted and respected Governor, which must be still ringing in your ears:—

"It depends upon India herself what her standing within the Empire will be. Will she be, as in the main heretofore, merely a producer of raw materials? I hope not. I have a vision of an India in which the great natural resources of the country will be developed within her own boundaries, an India to be built up by the endeavour of her young men, by your endeavours rightly directed into those channels of industry and manufacture which water the tree of national strength and prosperity, an India which will trade on equal terms with the sister nations of the Empire. It is therefore that I urge the intelligencia of India to start itself for the development of its resources."

In the domain of industrialism there would hardly be any limit to possibilities when one considers that raw materials, labour and market are all our own. Educated India would have much to answer for, if these splendid opportunities brought home to them and insistently pressed upon their notice and not mere imagination, were to be neglected and rejected.

DEVI PRASAD SARVADHIKARI,  
Calcutta.

## APPENDIX III.

## Place of Central Co-operative Institute in the Movement.

As many of you are well aware, the Central Co-operative Institute owes its origin to the demand of non-official co-operators to have some central agency to co-ordinate the various co-operative activities in the Presidency. At the Co-operative Conference of 1917, Rao Bahadur Talmaki submitted a paper showing the necessity of the creation of such an Institute. That paper was referred to a Committee of the Conference, which expressed its approval of the Rao Bahadur's proposals, and the Conference passed a resolution in favour of starting an Institute on the lines suggested by the writer of the paper, and appointed a committee to carry out the idea. This proposal had the support of the Registrar, and Mr. Ewbank helped the Rao Bahadur to draw up the prospectus of the proposed Institute, which, after a few modifications, was finally adopted by the committee appointed by the Conference. As the second paragraph of the prospectus clearly lays down the *raison d'être* of such an Institute, I quote it in *extenso* : "When the Co-operative Societies' Act was first passed, Government clearly stated that its aim was to train co-operators to help themselves, and ultimately to take charge of their own affairs, the Registrar only exercising a general supervision and being responsible for the audit. Since, however, the Registrar was at that time the only permanent administrative authority connected with the movement, the functions of organising propaganda, advising societies, training the secretaries and the committees, and working out new types of organisation have largely passed into the hands of him and of the official and unofficial staff working under him. It is to remedy this state of things that this Institute is being promoted by us. In our view, the future guidance and control of the Co-operative Movement should lie with three co-ordinate authorities : the Registrar responsible for seeing that the Act and the by-laws are not infringed and that fundamental co-operative principles are observed in organisation, and for the regular annual audit ; the Bombay Central Co-operative Bank undertaking the finance of the movement, assessing and organising its credit, acting as a balancing centre, and serving as a channel between co-operative units and the outside money market ; and our proposed Central Institute focussing every form of co-operative endeavour, responsible for all forms of Co-operative propaganda, education, and inquiry, and representative of independent co-operative opinion on all questions affecting the movement."

It will be seen from the above we were merely putting into execution the views of the people—official as well as non-official—interested in the development of this movement on right lines. It has been acknowledged on all hands that the Co-operative Movement is pre-eminently a people's movement, and should in the end be run by the people themselves. That a very large portion of the work connected with this movement has till now been done by officials is due to the fact that the leading non-officials in the country did not, in its early stages, take any active interest in it. If there had been found a Raiffeisen or a Plunkett in each Presidency, the Registrars would not have been burdened with any work beyond that which they were bound to do under the statute. As it is, the work of organising, training, supervising, advising, and actively developing forms of co-operation other than credit, has had to be done to a very great extent by the Registrars, and it is to relieve them of this extra work and leave them more time for their legitimate work, that institutes of a similar character, but with other names, have been started in various presidencies. Madras has its Provincial Union and Conference. The Central Provinces and Bihar have their Federations. The Punjab has also a Provincial Union, Bengal has its Co-operative Organisation Society, while Burma has its district committees.

Before I put forward my views about the "place" of this Institute in the movement, I would refer to the work it has done during the past year, and to the work it is likely to take up in the near future. It has taken over the Co-operative Library, and over and above running the Co-operative Quarterly in English, it has arranged to have similar Journals issued in the three vernaculars of the Presidency, viz., Kanarese, Gujarati and Marathi. It has also taken up the management of the Secretaries' Training Classes and the work of the Co-operative Housing Association. It has agreed to take up the work of the Debt Redemption Committee, as soon as that Committee's affairs are put on a sound footing, and it will also manage Sir Vithaldas' Night Schools for adult members of societies, as soon as that institution has passed the experimental stage. It will not be out of place to express the indebtedness of the movement to Sir Vithaldas both for the brilliant idea of giving education to the grown-up members of the societies and for providing all the funds for this object. The experiment is, according to the Registrar, likely to prove a successful one, in which case it will be found necessary to increase the scope of this work. This is what the Institute has actually achieved and is also likely to achieve in about a year's time. But for an Institute of such great importance and potentialities, it is necessary that we should look far ahead and have a clear-cut programme before us. I very well remember Your Excellency's admonition to the students of our University, and



I may assure you, Sir, that it is not as a dreamer that I am sketching the following programme of work for the Institute :

(a) The first work that has to be done in connection with this movement is that of teaching and organising societies. Till now this work has been done in this and many other presidencies by Honorary Organisers under the guidance of the Registrar, whose work, the Committee on Co-operation have said, is deserving of great praise. Government are providing funds for the travelling allowances of these Honorary Organisers, and have, in deserving cases, recognised the services of these gentlemen by grant of suitable honours. This work ought to be done under non-official auspices, and I suggest that it should now be handed over to the Institute, together with the money grants that the Government are giving, and also together with its moral support regarding the recognition of such services. If this is done, the Registrar's responsibility for this kind of work, which he has to do outside his statutory duties, will disappear, although his advice will, in all important matters, be sought by the Co-operative Institute. There is another reason why this work should be handed over to this Institute. The Committee on Co-operation, in their report, say : " Care should however, be taken that their (Honorary Organiser's) efforts are systematic and not sporadic, and it is also important that the Honorary Organiser who forms a society should, where possible, retain control as a supervising and teaching agent after registration." An Institute, representing all aspects of co-operation and having on its Board best official and non-official co-operators, would be in a singularly advantageous position in laying down rules for the guidance of the Honorary Organisers in their work in connection with societies after their registration. Latterly, a demand has arisen for the organisation of co-operative stores as well of co-operative purchase and sale societies. Government have recently decided to give an extra assistant to the Registrar to assist in the organisation of such societies. When these stores and purchase and sale societies are organised, they will need much more guidance and assistance in their work than ordinary credit societies as their success will depend on their being kept in touch with the central market and on their buying and selling at the proper moment. No Assistant Registrar, however capable an official he may be, is likely to know all about the fluctuations in the market prices of the various articles to be purchased or sold by these societies, and it would not be possible for any such official to render the requisite assistance to the newly registered societies, even if he were asked to undertake this duty, which is outside his legitimate work. Such assistance can be rendered by a body consisting of men having a knowledge of the various markets with which the stores and other societies will have to deal. Your Excellency made a valuable suggestion at the inauguration of the series of public lectures under the Institute about the necessity of starting a central co-operative purchase and sale society. You will be interested to know, Sir, that a committee of the Institute which had been considering this question has definitely come to the conclusion that a central society of the kind suggested by Your Excellency should be started as soon as the details about the methods of carrying out its objects have been settled after discussion at this Conference. The new central society will be in the best position to offer advice and guidance to the stores or purchase and sale societies. It may, later on, be found necessary to have branches of the central society in the districts, or to have independent district societies affiliated to the central society. In any case, we shall have a whole structure for this kind of work, owing its origin to this Institute.

(b) Although, we in this Presidency have no supervising Unions as in Madras, our Guaranteeing Unions have to perform similar duties of supervision. The District and Taluka Banks have to perform similar duties : and in the performance of their duties, they will need guidance and advice. As a matter of fact, the Central Co-operative Bank has been asked to send out its officers to guide and advise societies. When the Central Co-operative Institute is fully developed, it will be in a position to send out men to help the District and Taluka Banks or Unions in their supervising work. Let me at this stage make it quite clear that the Institute will not in any way hamper or control the work of these bodies. It will come in to help when asked to do so. Moreover, as the Institute is itself a body composed of individual co-operators and representatives of co-operative societies, the co-operative societies will feel, or at least ought to feel, that if any such check or control is exercised, it is exercised by their own representatives and that it is a sort of self-control, and not an outside control, either of official or non-official.

(c) The work of organising annual or biennial Provincial Conferences and of helping in the organisation of Divisional, District or Taluka Conferences is a legitimate work of this Institute. Many of us who attend the Provincial Conferences have very little idea of the amount of forethought that the Registrar has to bestow on organising them, nor of the labour and trouble involved therein both to himself and to his staff. But the few, who have had opportunities of looking behind the scenes, realise how much extra work is thrown on the Registrar and his staff, and to them it is a wonder how they manage to prevent disorganisation in their usual work. When the Co-operative Institute takes up this work as the Provincial Union is doing in Madras, a great burden will be removed from the Registrar's shoulders, and I am sure he is looking forward to the day when he will be relieved of this extra labour and the anxieties attendant thereto.

(d) Some time back, the Registrar prepared a draft scheme for creating divisional federations. This scheme was sent to this Institute as well as to other co-operative bodies and individuals for their opinion, and it was proposed to discuss this scheme at a meeting of co-operators called by the Registrar on April 22nd for the consideration of the steps necessary to meet the expansion of the movement. As this Institute represents the co-operative movement in the Presidency, there was, in my opinion, no necessity of calling a special meeting of co-operators, as almost all the gentlemen invited to the meeting were members of the Institute. As the Registrar had a very large share in starting this Institute, he would be the last person to minimise its importance or overlook its functions. His action in calling an independent meeting of co-operators on which the Institute was only asked to send three representatives is, however, likely to be misunderstood as showing a want of confidence in the Institute. To prevent such misunderstanding, it would be advisable for Government to grant official recognition to this Institute as the chief representative co-operative body in this Presidency, for ascertaining and voicing the opinions of co-operators on all questions of policy affecting the movement. The other day Your Excellency appealed for funds on our behalf. We want to follow up this appeal by going round for collecting subscriptions. An official recognition of the kind I suggest, will strengthen our hands when we approach Indian States and big capitalists for financial assistance. In view of the fact that H. E. the Governor is the *ex-officio* President of the Institute, this demand for recognition will not be looked upon as unreasonable. If such recognition is granted, the Institute will be the proper body to be consulted by the Registrar on larger questions of policy.

In sketching the above programme, I have not referred to the work which the Institute may do in developing its present activities, as for instance, having English training classes for union or bank supervisors or organising urban banks to help small industries, or to start co-operative housing societies to make provision for better and cheaper houses for labourers and middle-class men. This will be a natural development and needs no special mention.

**LALUBHAI SAMALDAS,**

Director of the Bombay Central Co-operative Bank.

## APPENDIX IV.

**Federations.**

It is impossible for so large a Conference to discuss Federations in detail. The following sketch therefore contains only the bare outline of the form of federal organisation which, after consultation with many Co-operators from all parts of the Presidency, the Registrar would now recommend. If the general scheme is approved by the Conference, it is probable that a Federation on these lines can be formed in the Southern Division at once, and the Registrar is prepared to draft by-laws for the use of the promoters and to do everything in his power to further the experiment.

2. The functions which a Federation might undertake in this Presidency would be the following :—

(a) to organise a regular and efficient system of primary audit carried out by Auditors paid and controlled by it ;

(b) to assist, develop and expand the Co-operative Movement by undertaking all sorts of propagandist activity, e.g., Vernacular Journals, conferences, exhibitions, training classes, lantern lectures, etc. ;

(c) to arrange either through their council members or paid auditors or affiliated unions for the federal inspection, training, and supervision of new, weak, or illiterate societies ;

(d) to create and organise a service of Co-operative supervisors, secretaries and auditors with definite rules of promotion, etc., who would also be eligible for transfer to the staff of Central Banks or Unions. And in this connection to create a Provident Fund for all non-official Co-operative employees.

3. There are two possible courses. We might have Federations undertaking functions 2 and 4 only or Federations undertaking all 4 functions. If the Conference decides gradually to undertake to bear the cost of audit, the latter course is possible. Otherwise it must content itself with the former only.

4. *Organization.*—The Federation would be a Federation of Central Banks, Unions, and scattered Non-Union Societies. If it only undertakes functions 2 and 4, individual well-wishers and supporters would also be admissible. Members would send delegates to the Annual General Congress. This in its turn would elect an Administrative Council. The Administrative Council would elect or appoint a Governor, who would be the Executive Officer of the Federation, controlling the whole staff, and carrying on the Federation work, subject to resolutions passed by the Council.

5. The area of the Federation would at first consist of one or two co-operatively advanced districts only. Owing to the great distances in the Bombay Presidency, the profound variations of economic and rural conditions in different areas, the existence of 5 distinct vernaculars, the absence of a uniform system of Central Banking unions and the different rates of progress achieved in different parts of the Presidency, it is not proposed to start one single Federation for the whole Presidency ; but to aim gradually at creating 6 Federations, each filling its own linguistic area and carrying on its business in the vernacular :—

(a) Kanarese speaking area.

(b) Marathi speaking area of the Deccan.

(c) The Konkan.

(d) Bombay City and Environs.

(e) Guzarat.

(f) Sind.

A beginning might be made by starting Federations (a) for Belgaum and Dharwar Districts, (b) for Poona and Satara. These would form the nuclei from which fully developed Federations might grow up.

6. *Finances.*—If the Federation undertakes all 4 functions, its funds would be derived from (a) the audit rate, (b) grants-in-aid from Government, (c) contributions to the Provident Fund and (d) grants from the Central Co-operative Institute. In the exercise of function 1, it would necessarily work under the general control of the Registrar who is ultimately responsible for the efficiency of the audit under section 17 of the Act. In the exercise of the second function it would act mainly as the local agent and representative of the Central Co-operative Institute. In the exercise of functions 3 and 4 it would be independent and self-contained. It follows that if the Federation undertakes functions 2 and 4 only its financial position would be unsatisfactory. Societies which already subscribe to the Central Co-operative Institute would be unwilling or unable to subscribe again to their local institution. On

the other hand if all local Societies subscribe to their local Federation instead of to the Central Institute, the latter would gradually lose all its member societies and the main source of its revenue. Evidently the financial position of local Federations will not be really satisfactory unless they undertake audit and can rely on a regular income from audit fees.

7. *Value.*—Federations will enable representative Co-operators in their own neighbourhood to take into their own hands the control and development of the movement in their districts, subject only to the statutory control of the Registrar. Non-official work is at present sporadic and unorganised. Federations afford a convenient organisation for correlating such work and directing it into the most useful channels. They ought to enable Co-operators to express their opinions and wishes far more effectively than at present on questions of general interest.

R. B. EWBANK.

## APPENDIX V.

## Agenda of Sub-Committee No. 1.

SUBJECT.—*Amendments of the Acts, Rules and Model By-Laws.*

## I. AMENDMENTS TO THE ACT.

Act No. 2 of 1912:—

*Section 5 (b).*—Where the liability of the members of a society is limited by shares, no member other than a registered society have or claim any interest in the shares of the society exceeding one thousand rupees.

What would be the objection to allowing a member to hold more than Rs. 1,000 worth of shares in a limited society, where the number of members exceed 1,000 and the share capital exceeds Rs. 50,000, provided always that no shareholder has more than one vote, whatever may be the amount of share? (Compare sec. 13 (2): *i.e.*, where the liability of members of a registered society is limited by shares, each member shall have as many votes as may be prescribed by the by-laws.) The greater the share capital the more stable is the society and the fear of dividend-hunting referred to in paragraph 43 of the Report of the Commission on Co-operation is provided against by the rules limiting the amount of dividend payable. The object of limitation in the Act is presumably to prevent the affairs of the society getting into the hands of a few rich persons. This object is fully attained if permission to hold more than Rs. 1,000 worth of shares is given only after the number of share-holders has arrived at some stated number as suggested above.

BABANAPPA KABADI,

Chairman,

Betgeri Urban Co-operative Credit Society.

*Section 13 (3).*—A registered society which has invested any part of its funds in the shares of any other registered society, may appoint as its proxy for the purpose of voting in the affairs of such other registered society, anyone of its members.

The following words should be added:—

“Or anyone else who is a member of a registered society and whose appointment is approved by the Registrar.”

*Reasons.*—Under the section the registered society can appoint anyone of its members as its proxy for the purpose of voting in the affairs of any other registered society in which it has invested any part of its funds in the shares of any such other society. In case the primary society intending to make investment in the Co-operative Central Bank, it is not practical to appoint anyone of its own members for the purpose of voting in the affairs of such bank on every occasion, and it is therefore necessary that with a view to make such bank more co-operative and more representative, the investing society should be allowed to have facility to appoint anyone else who is a member of the registered society, and whose appointment is approved by the Registrar.

M. S. KULKARNI,

Honorary Organiser,

Co-operative Societies, Gadag.

*Section 33.*—“No part of the funds of a registered society shall be divided by way of bonus or dividend or otherwise among its members.

Provided that after at least one-fourth of the net profits in any year have been carried to a reserve fund, from the remainder of such profits and from any profits of past years available for distribution may be made among the members to such extent and under such conditions as may be prescribed by the rules or by-laws.

Under the present Act, Societies are obliged to keep aside a large surplus at the rate of 25 per cent. towards the Reserve Fund. It must be admitted that the rate of percentage is exorbitant and does not give scope to the Societies to spare profits to be utilized towards Educational and other Funds. To obviate this difficulty and to enable the Societies to bestow more attention towards education and other items of importance, it is now thought that the Registrar be approached to make necessary amendments in the Act. It is therefore proposed that—

(a) Either the percentage be reduced to 10 to 15 per cent. or that the Registrar be pleased to allow the Societies to utilize a portion of the Reserve Fund—not exceeding 50 per cent. of the amount—towards Education of the Members and their children or towards Medical Relief of such members,

or

(b) It should be made compulsory for the Societies making a gross profit of 15 per cent. or more on the Paid-up Capital to set aside at least 20 per cent. towards the creation of an "Educational Fund,"

or

(c) That the Reserve Fund be reduced to 10 per cent. after the fund has reached half the subscribed capital of the society.

HIRAYAT F. M. DASTUR.

*Suggested amendments to the Act.*

(1) At present there is no provision in the Co-operative Societies Act to deal with offences of the undermentioned nature. It is presumed that the Indian Penal Code will be resorted to under the present circumstances. It is but fair to provide in the Co-operative Act only some measures against the offences as is done in the case of the Indian Companies Act or The Friendly Societies Act in England.

*Offences.*

It shall be an offence under this (Co-operative) Act if any registered society or any officer or member thereof

(a) Fails to give any notice, send any return or document or do or allow to be done, any act or thing which the society, officer or person is by this Act required to give, send, do or allow to be done.

(b) Wilfully neglects or refuses to do any act or to furnish any information required for the purposes of this Act or Rules by the Registrar or the Assistant Registrar or other persons authorised under this Act or does any act or thing forbidden by this Act.

(c) Makes a return or wilfully furnishes any information in any respect false or insufficient.

Offences by societies to be also offences by officers.

(1) Every offence by a society under this Act shall be deemed to have been also committed by every officer of the same bound by the rules thereof to fulfil any duty whereof such offence is a breach, or if there be no such officer, then by every member of the Managing Committee of the same unless such member be proved to have been ignorant of or to have attempted to prevent the commission of such offence, and every default under this Act constituting an offence if continued constitutes a new offence in every week during which the same continues.

*Penalties.*

With respect to penalties under this Act, the following provisions shall have effect.

*Penalty for falsification.*

(1) If any person wilfully makes, orders or allows to be made, any entry, erasure in or omission from any Annual Returns of a registered society or any contribution or collecting book or any return or document required to be sent, produced or delivered for the purposes of this Act, with intent to falsify the same or to evade any of the provisions of this Act, he is liable to a penalty not exceeding Rs. 500 recoverable at the suit of the Registrar or any Assistant Registrar or of any person aggrieved.

*Penalties for ordinary offences.*

(2) Every society, officer or member of a society or other person guilty of an offence under this Act for which no penalty is expressly provided herein is liable to a penalty of not less than Rs. 10 and not more than Rs. 50 recoverable at the suit of the Registrar or any Assistant Registrar or of any person aggrieved.

*Recovery of penalties.*

(3) All penalties imposed by this Act or to be imposed by any Rules under the same or by the by-laws of a registered society are recoverable on application to a magistrate having jurisdiction in the place where the person from whom the money is claimable actually or voluntarily resides or carries on business by the distress and sale of any moveable property within the limits of the jurisdiction of such magistrate belonging to such person.

*Appeal for penalties.*

(4) Any party aggrieved by the decision of any Assistant Registrar may appeal to the Registrar within one month of the date of the order. In cases where the Registrar has himself decided the offence, an appeal within one month of the date of such decision shall lie to the Director of Agriculture and of Co-operative Societies or any other officer delegated by local government in this behalf.

(5) The Auditors, Assistant Auditors and District Honorary Organisers are authorized to administer oaths to the declarants for purposes of affidavits.

A. G. KOTWAL,

Assistant Auditor, Ranibenur.

## II. AMENDMENTS TO THE RULES UNDER THE ACT.

5 (1 b).—The matter in respect of which every society shall make by-laws are the following:—

(b) The object of the society, the purpose to which its funds are applicable, the terms of admission of members and their rights and liabilities, the consequences of default in payment of any sum due by a member, and in the case of Credit Societies the conditions on which loans may be granted and the maximum number of members that may be admitted.

Add after "Credit Societies" and before "the conditions on which, etc.", "the maximum amount which may be lent to an individual member."

*Reasons.*—In absence of such a provision in the Rules some societies, e.g., the new Saraswat Union Co-operative Credit Society, may have no maximum prescribed for loans made to individual members (sec. 43 (2) gives right to local Government to make a rule as proposed here).

SIDDIK H. SHAIK,

Junior Assistant Auditor, Jalgaon.

Rule No. 10.

No Society with limited liability shall incur total liabilities exceeding eight times the total of its paid-up share capital and its accumulated Reserve Fund.

*Limitation of Liabilities:—*

There seems to be no necessity for making such hard and fast rule. The Registrar should have the powers to take into consideration special cases and accordingly authorize the Societies to raise the limit of their liabilities beyond eight times the Paid-Up Capital plus the Reserve Fund if and when applied for.

HIRAYAT F. M. DASTUR.

Rule 21. 'Without the sanction of the Registrar no part of the funds of a registered society shall be divided by way of bonus or dividend or otherwise among its members in any year, unless the entire expenditure incurred by such society during the year, and any loss on account of bad debts written off, have been debited in Profit and Loss account before the net profit has been calculated.'

Drop the rule and substitute in its stead "For the purpose of section 33 of the Act net profit of the registered society for any year shall be calculated after the entire expenditure incurred by such society during the year and any loss on account of bad debts written off, have been debited in the annual Profit and Loss account."

*Reasons.*—The rule as it stands is a little misleading, and may lead readers to suppose that some funds of a society other than profit may be divided if certain things were debited in the Profit and Loss account before calculating net profit.

SIDDIK H. SHAIK.

Rule 29 provides that any dispute touching the business of a Co-operative Society between members or past members of the society or persons claiming through a member or a past member, or between a member or past member or persons so claiming and the Committee or any officer shall be referred to the Registrar.

The rule is hopelessly silent as to any disputes between a financing agency and the Committee. Does it contemplate that financing agency in all cases should have recourse to the Court of Law and adopt its usual tardy and often condemned procedure and not the easy arbitration one? The matter seems again to be complex if the financing agency were to be a member or past member of the society. It is anomalous that for the purpose of realising the dues from the member or past member the arbitration rule is made applicable but for realising the members' or past members' dues from the society he has to go to the Civil Court. If it were to be contended that the case of a member financier is included in the rule it needs to be said that the rule is not explicit. The financing agency is often the Central Bank or a private individual. Central Banks often advance loans even though the society is not their member, but both the institutions are anxious to have the advantage of the arbitration rules. There does not seem to be any objection to include these agencies in the rule. This will add to the trust and confidence that they already have in the co-operative movement. It is easy to imagine how many more financiers, mostly private, would be pouring in, as soon as they understand that they are free from the worries of the Civil Court. If the suggestions were to be accepted the rule must be made to run as follows:—

*Rule 29.*—Any dispute touching the business of a Co-operative Society between members or past members of the society or persons claiming through a member or a past member or



between a member or a past member and persons so claiming or any financing agency of the society and the committee or any officer shall be referred to the Registrar.

PRANVALLABH H. BANATVALA,  
Honorary Organiser,  
Co-operative Societies, Jambusar.

According to rule 29 of the Bombay Co-operative Societies Rules, 1919, any dispute touching the business of a society between members or past members or persons claiming through them and the Committee can be referred to the Registrar. By this arrangement Societies have been given facilities to recover over-due loans from defaulting members. But, many a time, Societies cannot take advantage of this procedure in cases in which the sureties are not members of the Society. Mostly, in Urban Societies with limited liability it becomes very difficult for the debtors to find sureties who are members of the Society, as it entails the payment of an entrance fee, and the purchase of at least one share. Not infrequently is it found that debtors have to pay the entrance fee and share money for their sureties if the Society insists that the sureties should be members of the Society. This is an extra burden on the borrower, and the Society cannot help it. The sureties generally give an undertaking that they will abide by the rules and by-laws of the Society. If provisions be made to include non-member sureties in the arbitration proceedings much of the trouble will be saved.

I therefore propose that the Rule above referred to may be amended as follows if there be no technical difficulty in the way :—

“ Any dispute touching the business of a Co-operative Society between members or past members of the Society or persons who have agreed to abide by the rules and by-laws of the Society or persons claiming through a member or past member or such person, or between a member or past member or such person, or persons so claiming and the committee or any officer, shall be referred to the Registrar.”

S. N. KESHWAIN,  
Chairman,  
Sirsi Urban Co-operative Credit Society, Limited.

Under Rules 29 and 30 any dispute touching the business of a Co-operative Society between members or past members of the Society or persons could be referred for arbitration. The procedure is no doubt suitable to settle disputes quickly and can serve more usefully at present to credit societies only ; but these rules in question as they exist now do not serve so useful in the case of non-credit agricultural societies, such as manure purchase and sale, and Dairy Societies, as they have often to deal with non-members also for purchase of manure, sale of agricultural goods, milk, etc. It is therefore necessary to amend these rules in such a way as to enable such type of societies to refer disputes, if any, between its members or non-members who may have any dealings with the society for arbitration. This improvement in the rule will facilitate the work of non-credit agricultural societies.

R. B. PALEKAR,  
Agricultural Organiser,  
Co-operative Societies, Poona District.

Amendment to the Rule 30 by adding “ Or refer the parties to a Civil Court ” after the words “ shall at his discretion either decide the dispute himself.”

*Reasons.*—Unless the rule is amended as above we cannot successfully proceed against the debtors and their sureties of our society. The cause of action against them both being one and indivisible they cannot both be sued together under the existing rule before the Arbitrator or before a Civil Court, as the sureties are not necessarily members of the society. Under the circumstances I think the society must have an alternative course of proceeding against the parties in the Civil Court open.

B. B. POTDAR,  
Chairman,  
Pioneer Society, Belgaum.

Rule 42 (5).

(ii) Dues of a cancelled society, to be recovered as an arrear of Land Revenue.—

The dues of a society under liquidation should be recovered as ‘ an arrear of Land Revenue.’ This concession, which might kill the sense of responsibility and self-help, if given to a living society, can do no harm to a dead society. If the burying up of dead societies is not to be along and dilatory affair, as it is now, this concession is needed. Very

lately the Central Provinces Government altered the existing law enabling the dues of a cancelled society to be recovered as an arrear of land revenue. There is no reason why we should be under the necessity of an unnecessary show over our dead.

K. B. BHADRAPUR,  
Asistant Registrar,  
Co-operative Societies, S. D.

*Necessity of some rules.*

Under Co-operative Societies Act (II of 1912) the Registrar has the power to order inquiry and inspection of any society by sections 33 and 36 respectively. There is no provision either in the Act or in the rules as regards the procedure to be followed in making inquiry or inspection. The person authorized to hold inquiry or inspection should be invested with the power of administering the oath and compelling any person to attend before him as a witness or produce any documents before the officer. The procedure now adopted wherever such inquiries are ordered, is on the same line as noted above. But as there is no sanction of any rule to adopt the procedure, it is likely to be questioned at any time. I therefore humbly request the Conference to consider this proposal.

R. M. SANE,  
Divisional Honorary Organiser,  
Co-operative Societies, C. D.

III. AMENDMENTS TO MODEL BY-LAWS.

(1) *Leaflet A.*

4. All persons who have signed the application for registration are original members. Other members shall be elected by the vote of the Committee of the Society. Two adverse votes are sufficient to exclude an applicant. No person shall be qualified for election unless he resides in the village of—

Add "No two persons of a joint family shall be admitted as members."

*Reasons* :—It would evidently be unco-operative to allow two, five, or ten persons of a joint family, whatever the value of its assets may be, to become members of a society with unlimited liability. In case every one of them puts forth his claim to borrow up to the limit prescribed in the by-laws and if there are five such influential families in a village, it would in fact go very hard with other poor members to obtain any loan from the society.

SIDDIK H. SHAIK,  
Junior Assistant Auditor,  
Co-operative Societies, Jalgaon.

Add to by-law No. 5 : "Only one man should be admitted to membership from an undivided joint family."

*Reasons* :—It is found that many men of the same joint family are admitted as members and each of these is given a loan. It is also found that in such cases, one member takes a loan to repay the debt of his relative to the society. This way of admitting members does not add to the assets of the members, and also all members will not get equal benefit and it will come in the way of non-members if they wish to join the society as the number of membership is limited.

C. B. HOOLI,  
Auditor, Co-operative Societies, Dharwar.

10. A member may be expelled from the society by the vote of not less than two-thirds of the members present at a general meeting of the society for any of the following reasons :—

(a to (e)...(f) If he persistently borrows loans elsewhere from the society without first communicating his intention to the managing committee and hearing what they have to say by way of advice or warning.

Delete 10 (f) and substitute the following :—

"If he joins another society of unlimited liability."

*Reasons* :—The existing 10 (f) is objectionable and, if misused, very harmful to members of pretty large estates whose wants for even current agricultural needs could not be adequately met at present by the societies. So far as my District is concerned, I can say that there is a general cry of societies for insufficient and inadequate finance even for current agricultural needs. So long as adequate permission is not made to silence this complaint, the insertion of such a by-law does not appear desirable.

New 10 (f):—All the assets of a member of a society of unlimited liability stand as security against the liabilities incurred by that body. Under the circumstances a person who seeks admission to a second society, where he might be owning a house, offers practically no security from his estates. A member who owns or hires a number of houses in a number of villages and consequently by becoming a member in each society, borrows from each of them, is likely to inconvenience other poor and deserving members and at times deceive a society too.

SIDDIK H. SHAIK,  
Junior Assistant Auditor,  
Co-operative Societies, Jalgaon.

*By-law 13.*—A special general meeting of members may be called at any time by a majority of the committee or on receipt of a requisition from one-fifth of the members or from the Registrar. A special general meeting shall always be held in October to receive and consider the half-yearly accounts to forecast the probable amount of recoveries and the probable needs of the society for the ensuing year.

Add "On the requisition of a department-Auditor, if, he finds the society grossly mismanaged at the time of audit, a general meeting should be arranged with 24 hours' notice to explain to the members the state of such society."

C. B. HOOLI,  
Auditor, Co-operative Societies, Dharwar.

*By-law 17.*—At all general meetings the President shall be elected by the members present.

Add "whether such President be a member or not."

*Reasons* :—It often happens that the officers of the Co-operative Department and Honorary Organizers are requested to preside over the general meetings of societies by the members present. It is doubtful whether such president can exercise ordinary and casting vote. With a view to make the proceedings of such general meetings legal the above addition in by-law 17 is necessary.

M. S. KULKARNI,  
Honorary Organiser,  
Co-operative Societies, Gadag.

When annual meetings are held a difficulty often arises as to who should be the presiding authority to control the meeting and take votes for the appointment of the president of the meeting. When it is announced already that the meeting would be under the presidentship of a certain gentleman, then the name of the President is formally proposed and seconded. The President then takes the chair. But when it is not so settled already and several names are proposed for the Presidentship, then the difficulty arises who should control the meeting till the President is duly elected.

In 1918 when Pandharpur U. Society held its general meeting this difficulty was felt. I therefore propose that an amendment in the model by-laws be made and a provision should be made for the appointment of the President of the society and he should continue to hold office till the appointment of a new gentleman in the next year's annual general meeting.

(3) In order to conduct the business of the meetings peacefully, the Presidents must have the power of enforcing their orders—including the power of the removal of a member who would disturb and disobey the orders of the President. In cases of utmost necessity the President should be empowered to expel any turbulent member with the assistance of the local authorities.

V. S. JOG,  
Honorary Organiser, Pandharpur.

*By-law 17. Re-election of President* :—Add "Non-official co-operators who are either Chairmen of well managed societies or honorary organizers or respectable gentlemen bearing sympathy with the Society may be invited to preside" after "At all general meetings."

*Reason* :—Generally Societies at the Annual General Meeting elect their old Chairman as President of the meeting. An outsider co-operator known to the village would do well to direct the proceedings for being impartially recorded. Such is not the case with a Chairman who is on the verge of retiring and is anxious to secure his own election and consequently to get himself elected as Chairman by the Committee Members who are his own proteges. The

experiences of recognised Co-operators working their societies nicely in the vicinity would give an effective advice to societies found backward when they happen to preside over their general meetings at their request under the by-law now proposed to be amended.

L. G. GOKHALE,  
Assistant Auditor,  
Co-operative Societies, Belgaum.

*By-law 27 (f).* The business of the Committee shall be as follows: (i) to receive deposits and repayments of loans. The by-law should be read as "receiving deposits or borrowing money."

*Reasons:—*The debtors are bound to repay the debts and it is the secretary's business to recover it. The managing committee can only exercise supervision and accepting deposits and borrowing money must only be the committee's business.

K. L. DATAR,  
Assistant Honorary Organiser,  
Co-operative Societies, Alibag.

32. "Loans shall be granted for the following maximum periods."—

Nature of Loans.	Period not exceeding
(1) Seed, Manure, Weeding, etc.	1 year.
(2) Purchase of bullocks, cart, etc.	2 years.
(3) Ceremonial expenses	3 "
(4) Payment of old debts and large works of land improvement	4 "

Rule 32 of the By-laws of an Agricultural Society should be amended as follows:—

(32) Loans should be sanctioned by instalments of the following maximum limit:—

Description of loan.	Maximum limit.
(1) For seeds, removal of grass, weeds and other current business	One year.
(2) For manure	Three years.
(3) For purchasing bullocks	Four years.
(4) For purchasing cart and other iron implements of agriculture, and for marriage etc.	Five years.
(5) To remove weeds and to erect dams	Seven years.
(6) To pay off old debts	Ten years.

If the time limit as proposed is not amended, the ryots will in a very short period find themselves unable to repay the loans within the short period of now in force, and they will have to sell or otherwise incur their property. The purposes for which the Societies have been established will thus be frustrated.

Chairman,  
Lakkundi Union, District Dharwar.

In the opinion of committee the limit of two years—the period of loans for bullocks, small land-improvements such as bunding, etc., seems to be too short in consideration of the uncertainty of rains and consequent failures of crops upon which alone these agricultural borrowers entirely depend.

2. From my personal and actual experience and by my knowledge of the condition of the rayats during last ten years—in which period I myself have followed agricultural avocation by tillage of my lands, I am fully convinced that if there be a good crop for one year there is its failure for two years. So that once in every three years, on the average, there is a tolerable yield of agricultural produce. This is hardly sufficient for making up various requirements of an agriculturist in the bad years of defective rains.

3. In most cases the borrowers are poor agriculturists. They have, if any, small holdings of their own, not sufficient even for cultivation, for one pair of bullocks, and in that case they have to hold other's lands on lease and they have to pay 'havani' or rent to their landlords who scarcely have merciful view or tendency to remit or postpone the payment of their dues. In addition to these payments of land rents they have to provide for their family expenses and for fodder, etc., for cattle, for the year of scarcity. It is these requirements that I want to give a picture of, and as I can positively say that one good year's produce during these years on an average falls short of their ability to pay off regularly the society's loans.

4. The consequence is that the rayat is mostly put to a great and unbearable strain in pulling on satisfactorily with his agricultural pursuits.

5. Besides it is a cognizant fact that without a pair of strong and capable bullocks a cultivator cannot expect to bestow that labour upon his lands, which can ensure a good yield. Such a pair cannot be had for a small sum. Likewise in these days of hard-living and of extremely high wages without which no good labour can be got, the improvements in the way of taking out weeds, etc., which are pernicious to the growth of crops, cannot be effected satisfactorily without incurring at least Rs. 300 per four acres. The embankments and culverts are necessary for rendering land level for retaining full moisture. Without doing all these things one cannot expect a good crop even when there is a copious rain, much less when the rains are scanty.

6. Under these circumstances I on behalf of my Union suggest that in case of loans advanced for land improvement, the limit should be Rs. 1,000 payable in five yearly instalments, and also suggest to change the limit of repayments of loans advanced for marriage, house-construction, purchase of bullocks, etc., from 2 years to 3 years. Without these changes in the by-law the society cannot show any marked improvement in the material condition of an agricultural borrower.

K. B. BENGARI,  
Chairman, Gopankop Union, Hubli.

*Suggested amendment to model by-law No. 36 (1).*

Three days of grace after the due date will be allowed to the debtor for payment of his dues and no interest will be charged on this account.

*Reason.*—In all mercantile concerns, it is the usage to allow three days of grace to make such payment to meet the unexpected inconvenience or difficulty of a customer. The same is the case with the members of a credit society and they very often happen to be out of their village on business and cannot be expected to be strictly punctual to pay off their sums on the exact due dates. It is therefore equitable to extend the concession of three days of grace to the members of the credit societies also.

A. G. KOTWAL,  
Assistant Auditor,  
Co-operative Societies, Ranibenur.

37. Notwithstanding by-laws 32, 33, 36 loans for the liquidation of a member's old debts for land improvement or other desirable agricultural object may be made under the following conditions.

(4) The security to be given for the repayment of such loans with interest shall be a possessory mortgage of immovable property worth in the opinion of the Committee at least three times the amount of the loan. The bonds redeemed and the acquittance of the Savakar shall be taken by the society on to its record.

3. The restriction mentioned in by-law 37 (4) that the value of the mortgaged property must be three times the sum lent and the mortgage must be possession mortgage is not needed at least in this part of the country, as most of the *savkars* are quite willing to lend money on mortgage without possession and when the mortgaged property is worth double the amount lent. I would therefore suggest that by-law 37 (4) may be so modified as to give full discretionary powers to the Managing Committee in deciding the rates of the money lent to the value of the mortgaged property, and the nature of the mortgage. Possession mortgage will not enable the Committee to recover the money lent in ten years, as the prices of land are steadily increasing and the Committee can have only a small balance left to pay off the debts after paying all the charges, whereas if the land remains in the possession of the owner, he can make up the amount of the fixed instalment from his other incomes. I may illustrate my meaning by an example. An acre of rice land in this village costs about Rs. 600, and by giving it to a tenant for cultivation the owner will get an annual rent of one khandi of unhusked rice valued at about Rs. 40. Rs. 200 can be lent on this piece of land. The charges will be Government assessment Rs. 8, Local Fund 8 As., interest on Rs. 200, Rs. 18-12-0, or a total of Rs. 27-4-0. Out of the balance of Rs. 12 and annas 12 only, the landlord has to pay the tenant at least Rs. 2 for manure and repair. Thus only Rs. 10 and annas 12 will be available per annum to pay off the debt. This means the time limit will have to be increased.

K. L. DATAR.

38. In the event of any loan or instalment of a loan not being paid on the date fixed for re-payment, special interest at 3 pies per rupee per month will be recoverable on the total amount of over-due. When payment is not being made on due date, the Secretary shall in

writing require the borrower and each of the sureties to pay. In the event of payment being delayed for one month the Committee shall take steps to recover the amount due with interest unless they are satisfied that the borrower has shown sufficient reason for non-payment.

This by-law regarding levying penal interest is too rigid and is felt in practice to cause hardships, if observed to the letter. It is not always possible for the cultivator to pay up exactly on the fixed date, as he has probably to receive his money from a merchant or Dalal at a distance. In order to lessen the harshness of the by-law, three days of grace should be allowed after the date, for charging penal interest. As a matter of fact, the Managing Committee do show sometimes this concession to their members but it is not allowed by the by-law; the Auditor points it out an irregularity.

K. B. BHADRAPUR,

Assistant Registrar, Co-operative Societies, S. D.

*By-law 42.*—The Rural Co-operative Credit Societies may be allowed to receive loans or deposits either from members or non-members at the same rate of interest now allowed to the Bombay Central Co-operative Bank and the period of repayment now fixed should be modified and reduced to two years. This would save unnecessary trouble and delay now experienced by such societies as they are ordinarily situated far away from Government Treasuries.

SHANKAR SHASTRI,

Chairman, Hosritti Society, District Dharwar.

45. "All profits shall be carried to reserve fund, but an amount not exceeding 7½ per cent. of the net profits may be devoted by the society to any charitable purposes."

The following should be added "With the sanction of the Registrar."

*Reasons* :—Section 34 of the Act (II of 1912) permits contribution of an amount not exceeding 10 per cent. to any charitable purpose with the sanction of the Registrar. But no such sanction seems to be necessary under by-law 45 for this. It so happens that the Registrar or Assistant Registrar orders refund of such amount which was used for charitable purposes by any society under the authority of this by-law, on the ground that there was no sanction of the Registrar obtained. With a view to remove misunderstanding on the part of societies, the above addition to the by-law is necessary.

M. S. KULKARNI,

District Honorary Organiser,

Co-operative Societies, Gadag, District Dharwar.

*By-law 48.*—This by-law provides as follows :—"When a person who has stood as surety for a loan dies or becomes in the Committee's opinion unfit, the Committee may require the borrower to find another surety within 15 days. If the borrower fails to find another surety when so required the loan shall be repayable immediately with interest up to date of repayment."

The question is if the borrower cannot find a surety in place of his deceased surety except the deceased's heir who is fit to stand surety for the loan, why recover the loan all at once before it becomes due?

How can the heirs of the deceased surety be relieved of their responsibility as regards the principal borrower? The deceased's heirs can be notified to stand surety or if he does not do so, time should be given to the principal borrower until the date when the loan becomes due for arranging for re-payment of the dues. If he fails to pay off his debts at the due date, all concerned (including the heirs of the deceased sureties) should be proceeded against for the recovery of the amount. This procedure will avoid the necessity of recovering loans from borrowers at times quite unsuited to them.

V. B. KULKARNI,

Honorary Organiser,

Co-operative Societies, Kallol, District Belgaum.

(2) Leaflet W.

The duties of a member society are (1)....(2) to give all facilities to persons deputed by the Union or to Chairman of other member Societies to inspect its working and accounts.

Add 2A. " Any resolution (not now in force) passed by any affiliated society shall not be submitted to the Registrar for sanction without the previous approval of the guaranteeing Union to which it is affiliated.

Chairman,  
Lakkundi Guaranteeing Union, District Dharwar.

(3) *Leaflet G.*

(32) Every affiliated society shall be bound—(b) to take the sanction of the Bank before taking any loan from outside the taluka in which it is situated.

*Reasons* :—An individual secures loans according to the credit he enjoys in the public. No reasonable person would borrow anything in excess of his actual needs. At present most of the District Banks are not in a position to meet the needs of affiliated societies even to the extent of half of their demands. Payments are often not made by them at the most opportune time ; their lending rate is not so acceptable. In fact societies who depend solely upon the Banks have to undergo numerous inconveniences. There are at present many well-managed societies who though affiliated to the District Banks are in a position to manage their affairs to the extent of many thousands (but within the limit prescribed under the by-law 3) and at much cheaper rates without borrowing a farthing from them (Banks). The by-law in principle is a good one but its acceptance would only be justifiable when the position of the District institution is financially so sound that it would enable them to meet the demands of the affiliated societies quite adequately, at opportune moments and at a rate below 7½ per cent. Till then it may be dropped.

SIDDIK H. SHAIK,  
Junior Assistant Auditor,  
Co-operative Societies Jalgaon.



## APPENDIX V-A.

## Report of Sub-Committee No. 1.

Chairman—MR. V. H. GONEHALLI.

Mr. Panachand J. Mehta.	Mr. L. B. Potdar:
„ N. S. Lokur.	„ S. N. Keshawain.
The Hon'ble Rao Bahadur S. D. Garud.	„ V. S. Jog.
Mr. K. D. Setna.	„ L. G. Gokhale.
Rao Saheb H. V. Rajwadkar.	„ B. G. Sabnis.
Canon Rivington.	„ G. J. Manoli.
Mr. Pranwalabhdas H. Banatwala.	„ M. S. Kulkarni.
„ D. A. Patil.	„ V. K. Sanjanawalla.
„ M. M. Shah.	„ Venkaji Ramchandra Patole.
„ R. D. Garud.	„ R. V. Gorobal.
„ V. N. Kotwal.	„ K. M. Pathak.

## RECOMMENDATIONS.

(A) *Amendments to the Act.*

1. Government should be moved to pass, in exercise of power vested in them under section 46 of the Act, a general order, agreeing to exempt Central Banks, Urban Credit Societies and Stores classified as such by the Registrar from section 5 (B) and permit them to allot shares of value not exceeding Rs. 3,000 to a single member. The power of granting exemption within the terms of this order or refusing it to an applicant society should be delegated to the Registrar. In the case of Urban Societies and Stores applying for this concession every member should have one vote only.

2. Section 13 (3) of the Act should be amended so that a society holding shares in another society may be permitted to appoint a member of a third society similarly holding shares in it, as its proxy for voting in the affairs of the society in which it holds shares.

3. Section 34 of the Act should be amended so that a society with limited liability may be permitted to contribute to a charitable purpose as defined in section 2 of the Charitable Endowment Act, 1890, an amount not exceeding 20 per cent. of the balance remaining after  $\frac{1}{4}$ th of its profits is carried to a reserve fund.

(B) *Amendments to the Rules.*

4. Government should be moved to make, in exercise of power vested in them under section 43 (1) and (2) (G), a rule to the effect that the Registrar or any other person authorised by him in writing to audit, inspect or enquire into the working of a society under section 17, 36 or 35 of the Act, may issue a summons, requiring the production of any books or documents relating to the affairs of the society or cash by the person in whose possession they are. The summons may be sent by registered post or through the Mamlatdar or Mahalkari in charge of the Taluka, or Mahal in which such person resides. Wilful disobedience to the summons may be dealt with by the Registrar or Assistant Registrar in the same way as provided in Rule 38.

5. The words "or direct the parties to a Civil Court" should be inserted before the words "or shall appoint" in Rule 30.

6. Government should be moved to add, in exercise of power vested in them under section 43 (1) and (2) (t) of the Act, a clause to the Rule 37 to the effect that orders made by the liquidator or by the District Judge on appeal as provided in section 42 (4) of the Act shall, on application, be enforced and recoveries made in the same manner as arrears of land-revenue.

(C) *Amendments to Model by-laws, Leaflet A.*

7. By-law 10 should be amended to the effect that if a member persistently borrows elsewhere without communicating his intention to the Managing Committee and hearing what they have to say by way of advice or warning, or if he joins another agricultural credit society, he should be liable to expulsion.

8. By-law 13 should be amended to the effect that if the Registrar or another person authorised by him under section 17 (3) of the Act to inspect a society finds that the society is grossly mismanaged, a general meeting of the society should on requisition from him be held within 24 hours of requisition.

9. By-law 37 should be so amended as to make loans for big schemes for land improvements admissible under this by-law. The period for repayment should not exceed 10 years and the rate of interest should be the society's ordinary lending rate of interest. Possessory mortgage or mortgage without possession of landed property of value not less than three times

the amount of loan should be taken as security for the loan and it should not be advanced by the Managing Committee without the previous sanction of the Registrar.

10. By-law 38 should be amended to the effect that three days' grace after the due date should be allowed to the debtor for payment of his dues and that no interest should be charged for this period.

11. By-law 45 should be amended to the effect that contributions to charity should be made with the previous sanction of the Registrar.

*Leaflet W.*

12. By-law 12 should be amended to the effect that member societies should submit to the Registrar through the Union the resolutions of their General Meetings requiring sanction of the Registrar.

## APPENDIX VI.

## Agenda of Sub-Committee No. 2.

**SUBJECT.**—“*Suggestions about internal management of Co-operative Credit Societies.*”

1. The members of the Managing Committee in small primary Societies should be trained in By-laws in the Taluka Head-quarters for 3 or 4 days, once in a year.

The members who are required to be trained should be selected by the Honorary Organizers in charge of the Societies in whose opinion such training is necessary for any particular member.

*Reasons* :—In small villages the members of the Managing Committee do not understand the By-laws and the principles of co-operation on account of their little education. If they are not trained in the By-laws, they will for ever remain as tools in the hands of the Secretaries.

2. The Chairman should continue to work at least for three years, without being removed by the General Body in small Primary Societies, having a capital of Rs. 5,000.

My reasons on the second point :—

Primary Societies are generally started by the enthusiasm and influence of one member only in small villages. But as soon as he starts work, a feeling of jealousy is roused among the villagers and they try to become Chairman, although they have no knowledge nor desire to run a society. Sometimes in this competition Societies are likely to be ruined.

3. Financing Agencies should be instructed to receive cheques in the name of the Chairman only and not in the names of two persons—Secretary and Chairman.

My reasons on the third point :—

Chairman of a Society is solely responsible for the money. Secretary's work is to keep the accounts of the Society. Such being the case it is quite unnecessary that both the Chairman and the Secretary should go to the Taluka Office to receive the loan-amounts. This brings an unnecessary expense to a Society and in many Primary Societies, Schoolmasters are Secretaries, and they will find it very inconvenient to go as far as taluka place often and often.

V. B. KULKARNI,

Assistant Honorary Organizer,  
Co-operative Societies, Hubli.

When Primary Credit Societies are newly formed the members being quite ignorant of the principles of, and benefits accruing from, co-operation, simply yield to the influence of the organisers, without realizing the liability they will have to incur. When such societies commence their work without even the rudimentary knowledge about the management, accounts of the society, etc., the members naturally find the work of the society to be most troublesome and they take some years to get an insight into the system. Besides they seldom take interest in collecting local deposits and do not even show keenness in ascertaining and satisfying the real needs of their members (i.e., the poor rayats). Thus the aim and object of co-operation fail. When such state of things occurs the Sawkars try to intervene and induce the needy rayats to take loans from them. Rayats, illiterate as they are, often seek aid from Sawkars, I therefore suggest the following course. Before registering a society it should be ascertained whether the members thereof have studied the principles of Co-operation and received instructions as to how to keep accounts, etc. The organiser should train them in such matters for a short period. On his being satisfied that they will be able to manage their society tolerably, he should submit their application with others for registration.

S. V. MENSINKAI,

Chairman, Karnatic Central Bank, Dharwar.

*Knowledge of By-laws.*—It is found generally in the case of rural societies that the Managing Committee members do not pay much attention to by-laws. They are ignorant and do not transact their business in conformity with them. The test of a good society would be whether the Managing Committee have understood the by-laws. Most of the defects noticed in audit memos can be directly or indirectly traced to their ignorance in this vital matter. Therefore, if their standard of management is to improve, every effort should be made to thoroughly initiate them into the by-laws. It is not possible for illiterate members to grasp the by-laws intelligently and therefore unlettered Committees should be avoided, wherever possible. In an extremely illiterate village, no society should be started. These points might be prominently brought to the notice of Honorary Organisers and the staff of the Department. If possible, classes may be organized in suitable centres to train up Managing Committees in the know-

ledge of by-laws. This is a matter in which the Unions are most interested, and it could best be done under their auspices.

K. B. BHADRAPUR,  
Assistant Registrar,  
Co-operative Societies, S. D.

*Council of Supervision.*—In big villages, where the membership is likely to be large, the General Meeting will not be in a position to exercise control over the doings of the Managing Committee and it is quite possible that the Managing Committee might exercise its power in an arbitrary way. To keep them under control, a council of supervision is quite necessary and should be appointed, where a sufficient number of literates is available to form an efficient council. The council should consist of three members and its duty should be to supervise the work of the Managing Committee. It shall not interfere with the executive work, but can only report matters to the General Meeting for its decision. It can order any resolution of the Managing Committee to be held in abeyance, until the decision of the General Meeting is reached. In short, its work is to see that the Managing Committee act conscientiously, honestly and in accordance with by-laws. A by-law may be added embodying the literate societies. Without the council of supervision the Managing Committees are found in many a society to wield their power arbitrarily. Favouritism in sanctioning loans, appropriating large amounts for themselves and violation of by-laws are the oft-noticed faults of the Managing Committees. These can be effectively checked by a council of supervision—sitting in judgment upon their work.

K. B. BHADRAPUR,  
Assistant Registrar,  
Co-operative Societies, S. D.

*Registrar's Circular No. 108.*

Paragraph 2 of the Circular suggests that the borrower of a society when he presents his document for registration should be instructed to write an endorsement on the back of the receipt granted by the Sub-Registrar to return the document to any officer of the society named by him in the receipt. It is not safe for the Society to allow these bonds to be returned to the presenter. If after the registration is completed, the borrower refuses to hand over the document to the named representative of the Society, the Sub-Registrar is bound to give it to the borrower himself. Thus his refusal will give rise to unpleasant relations. So, it is better to enjoin borrowers to endorse on the receipt that the document passed and registered for the amount but received by him in the Sub-Registrar's presence, may be handed over to the society's authorised person. Unless this is done the amount should not be paid and if paid will have to be recalled and credited at once. Supplementary instructions may be issued on this contingency.

V. B. KULKARNI,  
Honorary Organiser,  
Co-operative Societies, Kallol, District Belgaum.

The granting of loans should not be encouraged among several members of an undivided family.

*Reason* :—The Co-operative Act does not prohibit societies from securing admission of members of undivided family. The leaders at the helm of affairs find this loop-hole as convenient to them to secure loans through the members of undivided family, who after admission have equal rights of applying for loans. The tendency need be checked by administrative orders.

*Devasthan Funds* :—These funds should properly be represented.

*Reason* :—Co-operative societies and particularly primary credit societies receive deposits from Devasthan Funds. Some prominent man of the village rules on the money. But constitutionally the Devasthan Funds do not happen to be represented by a committee formed for its administration. Credit societies should point at the defect and while receiving Devasthan funds, which must necessarily be credited as non-member deposits they should see that the Committee of Management of the fund or of any other fund started in the village appoints one of them to put in money and withdraw when it becomes due; all the transactions being attested by their signature only until the committee of the fund otherwise communicates any change in the name of the authorised person. Credit societies with these safeguards will stand on an unquestionable ground in its relation towards the funds described.

L. G. GOKIALE,  
Assistant Auditor,  
Co-operative Societies, Belgaum.

1. The administration of rural societies is in many cases very loose. The record is not properly kept. Accounts are not written up to date. The managers of the society are lazy though not always mischievous. In such cases, the Honorary Organisers with the previous permission of the Registrar or Assistant Registrar, should have power to engage a man to complete the unfinished work of the societies and to recover the remuneration of such man out of the funds of the society or out of the pay and remuneration of the secretary. The Organisers give instructions to the societies to make corrections but these instructions are not carried out and hence the necessity of the provision suggested above.

2. In societies like Pandharpur Urban there are some members who are petty traders and shroffs. They say that a certain amount should be sanctioned as the maximum limit up to which they should be allowed to borrow within the course of a year. They wish to repay the money and again borrow from time to time within the prescribed limit. They are willing to execute a guarantee bond for the amount with one or more sureties. In order to avoid passing bonds from time to time, this remedy is suggested by them. I think a general form should be prescribed for such dealings.

V. S. JOG,

Honorary Organiser, Co-operative Societies,  
Pandharpur, District Sholapur.

*Supervision of Society.*

At present, all members of Managing Committee are doing their work honorarily and even though the duties of these members are clearly defined in the by-laws of the society, still the execution of the same is not properly done. The members at present meet to sanction loans to members and occasionally for recovering loans due from members but ignore their main duty of inspecting whether the loan obtained by a member has been utilised by him for the purpose for which it was obtained and also whether the member is sinking in debt or is progressive. The members of the Managing Committee usually complain that they do as much as they can as they have to attend to their own private work. This piece of work will be looked into by the Guaranteeing Unions where they have been organised but where these do not exist, some arrangement is necessary to guard the evil. It is therefore suggested that the credit societies which have not been affiliated to any Union should be allowed to adopt a by-law for appointing two of its committee members to make up the work and also for fixing their remuneration. This will improve the working of credit societies.

There is now a good band of Assistant Honorary Organisers appointed in every district to advise and supervise the work of primary societies, so the above work should also form portion of the main work of the Assistant Honorary Organisers.

R. B. PALEKAR,

Agricultural Organiser,  
Co-operative Societies, Poona.

The Government of India in their despatch of 31st January 1919 have empowered Local Governments to make grants to charitable institutions to assist, by means of grants, Co-operative Societies composed of backward and depressed classes in *urban areas* towards the maintenance of clerical staff. They have also considered it desirable to assist, in the like manner, rural societies pertaining to the above class. As these grants will be generally advanced through charitable or philanthropic institutions, rural societies will be debarred from enjoying this privilege. Also no further indication has been given by Government as to the possibility of their coming to the assistance of societies, or as to the principle upon which such assistance should be given. It is therefore necessary to lay down some rules for *rural societies* composed of depressed classes, viz., Kolis and Kaliparaj of Gujarat, Ghatis of the Deccan, Shoemakers, and Punjabis of Sind, who are honest and regular in payment. The limit to these grants should be fixed at Rs. 50 in each case. These grants should be made available only for the first 2 or 3 years (*i.e.*, in their infancy) and should be only used towards the maintenance of clerical staff. Such societies should also be required to train their own secretaries from among the societies' members in order to have efficient management in the long run. For this purpose this Conference should recommend to His Excellency the Governor in Council to place a certain sum (say, about Rs. 1,000 in the beginning) at the disposal of the Registrar who should be authorised to make grants to such societies after proper enquiry as to whether the society stands in need of such State aid.

D. N. TANTRI,  
Registrar's Office, Poona.

- (i) Compulsory registration of a mortgage bond of any amount less than Rs. 100 should be made optional in cases of bonds executed by members of societies in favour of the society.
- (ii) In arbitration cases, persons who have some knowledge of law and procedure of the courts should be selected as arbitrators.
- (iii) Societies should not enter into litigation—without a special sanction of the General body in cases in which the dispute would arise between a society and persons who are not members of the society.

V. S. JOG,  
Honorary Organiser,  
Co-operative Societies, Pandharpur, District Sholapur.

*Introduction of a new compulsory deposit system.*

It appears to me that credit-facilities for non-Union Societies in the Presidency have rested on a somewhat insecure and uncertain basis. The existing methods, while they make for the maximum of safety and caution, involve delays and inconveniences which counter-balance the advantages of cheaper capital which is brought within the reach of our rural societies.

On the one hand, the Central Banks which have assumed their responsibility for financing the societies have little means of judging of the needs of their constituents and must thus find the task of meeting demands as they arise an anxious and at times perhaps an embarrassing one. On the other hand, the societies can never be sure how far their demands are likely to be complied with, and frequently fall into the error of making demands at unseasonable times or of pitching them unreasonably high.

Isolated credit societies, that is to say, societies which are not members of Guaranteeing Unions, form nearly 85 per cent. of the number, and are likely to remain for a long time to come, the units for purposes of finance. In the light of the experience gained during the past 15 years, it should be possible to devise some method by which the Central Banks and their constituents could mutually agree upon a common basis for credit, so as to make it readily accessible to the Societies.

In the existing system, the preliminaries, before the capitalist Bank and the borrowing Societies are brought together, necessitate enquiry into the material and economic condition of the members, but its very limitations preclude considerations of their moral worth, with the inevitable result that the only basis of credit available is the common market value of the members' belongings.

It seems to me that if a definite value could be placed, by the application of certain tests, on the character and capacity of a member (admittedly the only true test of co-operative credit) and a relation established between the value as thus ascertained and the extent to which credit might be allowed to him on the strength of such worth, it might be possible to accept a standard of credit which will be acceptable to all true co-operators.

The co-operative ideal is self-help at all stages and gradual but eventual economic freedom, and this ideal, it appears to me, can best be achieved by members by, in a manner, insuring or guaranteeing their character and capacity.

I wish to suggest as a practical step towards the realization of this ideal, that members should be induced to invest at harvest, every year, a portion of their savings, in their societies, as pledges of their credit, and which will determine the extent of each member's borrowing capacity, such amount to represent the results of thrift practised by him during the year, and will usually correspond roughly to the difference between the more favourable rate of interest to which membership entitles them and the higher market rate in their village on an average member's borrowings. Against such annual deposit, the member to be allowed a maximum credit to the extent, say of 20 times such amount, the idea being that within a definite period, each member ought, by making annually a small payment into his society, to be able to realise comparative freedom, as far as his ordinary needs are concerned.

The amount of these deposits may vary from year to year according to season (of course proportionately affecting the credit of the member) and the minimum and maximum may be fixed as far apart as Rs. 2 and 20. It would be necessary to provide that they should not be withdrawable, a most important point, for at least 20 years after first payment, and except on death or resignation of a member.

It might be argued that such deposits would be in the nature of compulsory deposits which are considered by many eminent authorities as objectionable. There has, however, always been a conflict of opinion on the subject of compulsory deposits. The instalment share system in Burma and in the Punjab is a system of compulsory deposits under another name, but they are always referred to with pride as having directly stimulated the practice of thrift among members in those Provinces. The kind of deposits advocated here are intended to be of an

elastic character, so as to suit all classes and variable seasons, and should therefore not be open to the objection which may exist against compulsory deposits.

Whether it will be practicable for members to contribute these small payments is a more important point. Except in years of scarcity or famine, most agriculturists do have a little surplus left over at harvest after paying the land revenue demand and after defraying the expenses of cultivation, but it is not always that they can use or invest it wisely. I think the claim for pecuniary accommodation which they will ensure should be a sufficient inducement.

These deposits might be called Credit Deposits or simply harvest deposits.

The advantages of these deposits must be obvious. The great need in agriculture is long-term capital for permanent land improvements and for redemption of debt. Such deposits would be exceedingly useful for these purposes. Another very important advantage would be that they will ensure continued interest from members in the well-being of their society. It is common experience that the interest and zeal of members are in direct proportion to the stake which they have in it in the shape of invested capital.

The principle of a credit deposit in relation to a member's credit being once accepted, I would extend the principle further and propose that the financing of rural societies should be on a footing of cash credits between the Banks and the borrowing societies. I should suggest that on receipt of a declaration from a society that its members have put up or will put up at harvest a certain amount as credit deposit which would be repeated during succeeding years, the Bank shall allow to such society a maximum of credit of a multiple of from 10 to 20 times this amount. There can be no risk of danger in view of the principle of unlimited liability which is now almost universally understood. The financing Bank would further assure itself of the *bona fides* of such society by calling for proof of the possession by the society's members of agricultural property of sufficient value to repay cost of cultivation and development and having some determinable market value.

I am very sanguine that the adoption of some such principle for gauging the credit of rural societies and determining their borrowing capacities will help to establish a rational relation between credit and capital and that it will eventually mean the salvation of the agricultural population. Of course very bad and unco-operative societies might drop out, but then, those which will survive a few years' trial will emerge full of life and vitality.

It cannot be denied at the same time that the success of such a scheme must depend on the preparation of the ground first and care and education bestowed on the societies. These are not possible under existing conditions, with inadequate agency. With a special staff of Circle Auditors, operating within a circle of from 25 to 30 societies, and recruited from the class of Union supervisors and overlooked by the present staff of expert auditors, it would be quite possible to secure more favourable conditions in which to make an experiment. The principle of charging societies for audit and supervision has been carried out in practice in the case of union societies. It is but a small step to the unattached ones so that the question of cost need be no serious obstacle. It seems possible to start an experiment immediately with the more advanced societies—the A class societies in fact—and others which may be anxious to better themselves.

V. S. GOKARN,

Special Mamlatdar, Co-operative Societies, S. D.

It is noticed that most of the credit societies depend entirely on financing agencies nor do they take steps in this direction to stand on their own legs by way of gradually increasing local deposits. This state of things will continue for a series of years if immediate steps are not taken.

One of the main objects of the Co-operative Credit Society is to improve the economic condition of members. But this is scarcely attended to. Generally rural members cannot foresee what amount they will make in the long run if they deposit every year from Rs. 5 to Rs. 10 in the society. In order to teach them compulsory saving, every rural credit society should take from its members every year a deposit of Rs. 5 to Rs. 10 as a permanent deposit. Supposing a society has 100 members and if each member deposits Rs. 5, then in 20 years this deposit amount will come to Rs. 10,000 which is the necessary average capital for rural credit societies. Thus they can make themselves self-sufficient. In order to enforce this system a clause should be inserted in the by-laws that every member should deposit Rs. 5 every year; in case of failure to pay, he should pay penal interest at the rate of one pie per rupee per month. If he repeats this continuously for three years he should cease to be a member of the society. Interest on such deposits should be paid every year to a member after deducting his annual subscription towards the Permanent Deposit Fund. This deposit may be returned to a member in case he resigns his membership or after 20 years or after his death to his heir.

C. B. HOOLI,

Auditor, Co-operative Societies, Dharwar.



### Famine and Co-operation.

The question that is often asked is, What is it that actually takes place in a famine year? On account of total failure of rains, there is a complete cessation of ordinary agricultural operations and most ryots find that they have no work to do. Secondly, agricultural labourers who ordinarily work on the fields of others find that there is no demand for their labour. Thirdly, village artisans such as carpenters, blacksmiths, ropemakers, etc., find that there is no work for them to do in the village. Thus famine means unemployment on a large scale. The failure of rains results in the non-production of fresh stocks of grain, straw and grass and the stocks from previous years' production are rapidly depleted. Therefore, prices of all kinds of grain and fodder mount high. Whatever the cultivators had, grain, fodder, etc., is at the very commencement of famine consumed and they soon run into debt, bearing usurious rates of interest. In famine time suitable arrangements are made for obviating loss of human life; but a considerable number of cattle die of starvation or semi-starvation. The consequences are an enormous destruction of agricultural capital.

In the course of my tours this year in the famine tracts of the Deccan, I found that cultivators who secured financial aid for carrying on their industry, fared better than others. Some wanted money for repairing old wells; some for digging new wells; some for purchasing "mot" requisites; some for purchasing costly seed such as that of lucerne, fodder, and grain; and some for constructing tals (embankments) on their lands. They obtained money either as loans from their Co-operative Societies or tagavi from the Taluka offices. They preferred co-operative loans and tagavi loans to loans from the ordinary money-lenders. The operations started by them such as repairing old wells, digging new wells, constructing tals and growing grain and fodder crops under irrigation, not only provided them with work on their own lands but also enabled them to provide work to their neighbours—village artisans and agricultural labourers.

It is therefore clear that in a famine year the rural population is in need of help in the following respects:

(1) Ryots require money for repairing old wells, digging new wells, constructing tals and purchasing "mot" requisites, seed, food grains and fodder. If the ryots are helped with funds, they not only provide themselves with work on their own lands, but also provide work in the village itself to agricultural labourers and artisans.

(2) They require to be helped to organise cattle camps, etc., to save their cattle.

The village of Kharpudi in the Khed Taluka, Poona District, has a population of 740. A Co-operative Society in this village was started last year. Membership of the society being 94, most ryots of the village are in the society. In the beginning of the year the society had a capital of Rs. 15,700, collected by deposits, loans from the Central Bank and tagavi from Government. This amount was advanced in loans to members. With the money obtained from the society, 23 members dug new wells and 17 repaired old wells. They grew ordinary grain and fodder crops. Nine members also grew lucerne. Twenty-five 'panmalas' whose annual output of produce is estimated at Rs. 15,000 were saved. Most members worked on their own lands and also employed others—agricultural labourers, carpenters, blacksmiths, ropemakers (Mangs), leather-workers (Chambaras), etc. The remarkable instance of a poor ryot (Bhaguji Kasid) paying Rs. 4 only as land assessment, who secured through the society an advance of Rs. 200 for improving his land has been reported. He and his wife worked hard in their field, dug a well and constructed tals and thus protected themselves against all future famines. It is also reported that nearly 400 out of 800 people in Nimgaon and nearly 400 out of 1,100 in Davdi near Kharpudi which have not got Co-operative Societies went over to the Relief Camp at Peth in the Khed Taluka, whereas only 4 persons belonging to Kharpudi sought relief from that Camp. What most people of Kharpudi did is that they with financial help from the society, individually organized for themselves their own schemes—self-relief schemes or schemes for providing relief to themselves through their own industry, that is, agriculture—and that whatever amount they borrowed from the society they converted into improvements on their lands. There is no doubt that this method of organising Self-Relief radically differs in results from that of organising ordinary State-Relief. The principle of relieving weavers in time of famine through their own trade has been already recognised. The Famine Commission of 1901, reported that in the Central Provinces the incidence of cost of relieving weavers through their own trade was less than 1 pie per unit as compared with 1½ annas per unit on ordinary relief works. In his report on the famine of 1891 in the Southern Maratha Country, the Divisional Commissioner stated that the liberal Government advanced for well-making and cleansing of fields from nut grass provided employment in affected tracts for about 50,000 persons for several months. The total famine expenditure incurred in the famine of 1900 by the Government of Bombay amounted to the huge sum of Rs. 37,576,465. It appears certain that a wide application of the principle of relieving people in time of famine through their own trades to agriculture will result in substantial improvement of this greatest industry of the Country.

I am informed that people in villages with societies in the Dhond Petha, Poona District, did better in this famine year than those in villages without societies. In the former villages,

more grain and fodder was grown under irrigation, less cattle died and less people left their homes for earning their livelihood elsewhere. An intelligent co-operator from Ale in the Junnar Taluka, Poona District, writes to me, stating that if there were no societies in his own villages, many would have in his own village and neighbouring villages, many would have in this famine year lost their lands either through sale or mortgage carrying usurious rates of interest.

The pumping plant installed by the Agricultural Department at Nangaon in the Dhond Petha proved to be of immense benefit to the villagers in this year. The organisation of the co-operative society in the village engendered enterprise in the people. A visit to the society by a co-operative officer early in the year resulted in the Managing Committee of the Society preparing a list of members who wanted water for nearly 700 acres of their lands and submitting it to the Director of Agriculture. The pumping plant was worked day and night in order to cope with the demand for water and a large area irrigated. It is satisfactory to note that the advent of a Co-operative Society in the village of Nangaon has practically changed the outlook of its people.

At Kurkumbh in the Dhond Petha, the leading villagers who are on the Committee of the village Co-operative Society have started a Cattle Camp and managed it with remarkable success. 161 head of cattle have been fed on prickly pear and saved. I took to the Camp a few members of neighbouring Co-operative Societies and they agreed that they could organise with help from Government similar camps in their own villages to save their cattle.

If the people of Kharpudi could do what they actually did in a famine year, how much more could they do in non-famine years, with proper guidance and adequate finance? The Co-operative Conference held in the beginning of the year at Pimpalgaon in the Dhond Petha which is a typical famine tract of the Deccan, resolved, suggesting that members of agricultural co-operative credit societies in the famine tract should be required to store every year in April grain and fodder sufficient for one year and that the stores thus made by each member should not be opened till ensuing October. The societies might secure help from the Central Bank and advance loans to members in order to enable them to purchase grain and fodder in April with a view to store them. But the problem cannot be solved simply by enabling members to purchase grain and fodder with a view to store them; much however could be done towards its solution by enabling them to increase their production in good years with a view to store the surplus production for use in bad years. Cultivators in the Deccan can doubtless increase their production by equipping their lands with irrigation wells in working order and by plotting, embanking and levelling them. This is mainly a matter of finance and guidance. The Government of Bombay have provisionally passed orders, co-ordinating co-operative loans and tagávi loans and it is certain that the societies will before long be in a position to secure adequate funds. It is therefore necessary that they should now hasten to prepare schemes for enabling their members to repair their old wells, dig new wells and plot, embank and level their fields and vigorously execute them.

To summarise, the following are my specific suggestions for consideration:—

(A) What should societies do in a famine year?

1. Agricultural Co-operative Credit Societies should as soon as there are signs of approaching famine provide themselves with adequate funds collected by deposits, loans from the Central Bank and tagávi from Government and issue loans to deserving members for repairing old wells, digging new wells, growing grain and fodder crops including lucerne and constructing táls and supervise the operations.

2. Agricultural Co-operative Credit Societies should, with help from Government, the Central Famine Committee, etc., organise Cattle Camps for feeding cattle on prickly pear.

(B) What should Societies do in non-famine years?

3. Agricultural Co-operative Credit Societies should every year select a certain number of deserving members and help them with co-operative or tagávi loans for repairing old wells, digging new wells, and constructing táls. The cultivation of lucerne should be specially promoted. It should be the policy of each society to enable as many of its members as possible to take up bagayat cultivation and embank their lands.

4. The members of agricultural Co-operative Credit Societies should be required to store every year in April, *i.e.* at Shimga, grain and fodder sufficient for them for one year. Each member should separately store them but the stores made by him should not be opened till ensuing October. It will be known in October whether the forthcoming agricultural season will be a good one or there will be famine. If there is famine grain and fodder stored since previous April will enable those that have stored them to tide over the famine. If there is no famine, they may either be consumed or sold off and fresh storage made in April again. If any members require loans for purchasing grain and fodder with a view to store them, they should be assisted with the same by the Managing Committee of the society. But it should be the policy of the society to enable members to increase their production in good years with a view to store the surplus production for use in bad years.

(C) Other suggestions.

5. The feasibility of installing on the banks of rivers pumping plants for irrigation purposes to be owned by the Agricultural Department or co-operative institutions should be considered.

6. Co-operative Dairy Societies this year repeatedly represented that grass should be supplied to their Gowli members at the same reduced prices at which it was supplied to genuine cultivators. There is no doubt that one of the effects of a fodder famine is also a milk famine. The Gowlis continue to produce milk in famine time and supply it to the public. They thus perform an important service to the community. It is also well known that they form one of the poorest sections of the industrial population of the Country. In fact, the condition of a genuine Gowli in famine time is not dissimilar to that of a genuine cultivator or genuine weaver. It is submitted that section 228 (d) of the Famine Relief Code may be so amended as to make genuine Gowlis eligible for the same concessions as are given to genuine cultivators, in respect of prices of fodder supplied by Government.

V. H. GONEIALLI,  
Assistant Registrar, Co-operative Societies, C. D.

## APPENDIX VI-A.

## Report of Sub-Committee No. 2.

SUBJECT.—*Internal Management of Primary Societies.*

Chairman—KHAN ABDUL MAJID KHAN, Esq., Registrar, Co-operative Societies, Hyderabad.

*Present.*

Mr. G. G. Bandivadekar.	Mr. Ganpat Raoji Singh Patil.
„ G. S. Dandavate.	„ T. M. Honmode of Ashwi.
„ M. O. Vakil.	„ T. T. Mudiraddi of Hebsur.
„ D. R. Kale.	„ P. K. Jambhekar.
„ Keshav Vināyak of Tembhurni.	„ R. N. Rajadnya.
„ V. A. Joshi of Pandharpur.	„ S. S. Naik.
„ Mahadeogowda B. Patil.	„ L. S. Potnis.
„ N. T. Mirikar.	„ G. N. Gurjer.
„ V. V. Pimputkar.	„ B. R. Samel.
„ K. R. Bengeri.	„ Ibrahim Shah A.
„ E. D. Jamkhedkar.	

*Block A.*

1. With reference to Mr. V. B. Kulkarni's suggestion, the Sub-Committee resolves:—

(1) The members of the Managing Committees in small primary societies not affiliated to some union should be trained in by-laws for three or four days once a year.

(2) The proposals contained in the second part of para. No. 1 and paras. Nos. 2 and 3 were unanimously rejected.

2. With reference to Mr. Menshinkai's suggestions, the Sub-Committee resolves that the suggestion being already in practice is to be dropped because the principles of Co-operation are explained before registering a society, but it seems impracticable to teach them in keeping the accounts before its registration.

3. With reference to Mr. Bhadrapur's suggestion that no society should be started in an extremely illiterate village, the Sub-Committee resolves that a mere illiteracy should not be a bar to societies being started; provided that the Secretaries are available, because examples are not wanting where such illiterate persons have learnt how to read and write and manage their societies' affairs successfully in not a very long time.

4. With reference to Mr. Bhadrapur's suggestion about appointing supervising councils in big village societies, the Sub-Committee resolves that the stage has not as yet arrived when councils of supervision should be appointed for such societies with good results.

5. With reference to Mr. V. B. Kulkarni's suggestion about modifying the Registrar's Circular 108, para. 2, the Sub-Committee resolves that it requires no modification.

6. With reference to Mr. L. G. Gokhale's suggestion that the granting of loans could not be encouraged among rural members of an undivided family, the Sub-Committee conveys its full approval to it.

With regard to the second part of this suggestion that the Deosthan Funds should be properly represented, the Sub-Committee agrees to it in its entirety.

7. With reference to Mr. Jog's suggestions that whenever the accounts of a society are not written up to date some person should be engaged to bring up the arrears up to date, and that the remuneration of such persons should be recovered with the Registrar's sanction out of the funds of the society or of the pay and remuneration of the Secretary, this sub-committee resolves that it is quite within the competence of the Managing Committee of a society on the recommendation of the Honorary Organiser to make the payments out of the funds of the society or to penalise the secretary.

*Block B.*

8. With regard to Mr. V. S. Jog's suggestion in para. 2 about the amount of cash credit for petty traders and shroffs, the sub-committee resolves that this practice already exists in some societies and may be applied to societies desiring it and needs no further resolution.

9. With reference to Mr. R. B. Palekar's suggestion that in societies not affiliated to some union, two members from the Managing Committee should be appointed to see that the loans are properly applied and he further proposes to give them some remuneration, the sub-committee resolves that the supervision over the proper use of a loan is one of the duties of the Managing Committee and of all the supervising and inspecting officers, and they do not consider it necessary to recommend for a by-law on the subject.

10. With reference to Mr. D. N. Tantri's suggestion that the Despatch of 1st January 1919 of the Government of India empowered the local government to make grants to charitable institutions, to assist by means of grants to co-operative societies composed of backward and depressed classes in urban areas only towards the maintenance of clerical staff, this sub-

committee resolves that the same necessity is felt in backward rural areas where illiteracy is prevalent and funds are not available for paid secretaries, and therefore proposes that this grant may be extended to rural areas as well. And this Conference should recommend to Government to place a certain sum at the disposal of the Registrar, who should be authorised to make grants to such societies after proper enquiry as to whether the society stands in need of such a State aid.

11. With regard to Mr. V. S. Jog's suggestion that the registration of a mortgage bond of any amount less than Rs. 100 (one hundred) should be made optional in cases of bonds executed by members of societies in favour of their society, the sub-committee resolves that it finds it premature to recommend the change of the Transfer of Property Act.

Proposals (ii) and (iii) of Mr. V. S. Jog are unanimously accepted.

12. With regard to the suggestions of Messrs. V. S. Gokarn and C. B. Hooli, the sub-committee resolves that they are of the same nature and may be taken together. The sub-committee approves of the introduction of the system of compulsory deposits in Co-operative Credit Societies of which the minimum amount will be Rs. 5 a year continued for 10 years, which will not be deducted out of the loans advanced to members, but will be paid at each harvest time in cash. If a member fails to pay his deposit successively for two years he shall not be entitled to further loan from society. If he remains a defaulter for three successive years his name may be struck off the Society's registers and the loans recovered. The sub-committee is not prepared to accept the suggestion of granting loans up to a certain multiple of his fixed deposit. Such deposit will not be withdrawable till the expiry of 10 years except on death or resignation of the member concerned.

#### *Block C.*

13. With regard to Mr. V. H. Gonehalli's suggestion, the Committee divides it into the following two parts and approves (a) Schemes to be adopted at the Famine time, and (b) Famine preventive schemes. As regards (a): (1) Agricultural Co-operative Credit Societies should, as soon as there are signs of approaching famine, provide themselves with adequate funds collected by deposits, loans from the Central Bank, and Tagai from Government and issue loans to deserving members for repairing old wells, digging new wells, growing grain and fodder crops, including lucerne, and constructing tals and supervise the operations.

(2) Agricultural Co-operative Credit Societies should, with help from Government, the Central Famine Committee, etc., organise cattle camps for feeding cattle on prickly pear.

As regards (b):

(3) Agricultural Co-operative Credit Societies should every year select a certain number of deserving members and help them with co-operative or tagavi loans for repairing old wells, digging new wells, and constructing tals. The cultivation of lucerne should be specially promoted. It should be the policy of each society to enable as many of its members as possible to take up bagayat cultivation and embank their lands.

(4) The members of agricultural Co-operative Credit Societies should be required to store every year in April, i.e. at Shimga, grain and fodder sufficient for them for one year. Each member should separately store them, but the stores made by him should not be opened till ensuing October. It will be known in October whether the forthcoming agricultural season will be a good one or there will be famine. If there is famine grain and fodder stored since previous April will enable those that have stored them to tide over the famine. If there is no famine, this may either be consumed or sold off and fresh storage made in April again. If any members require loans for purchasing grain and fodder with a view to store them, they should be assisted with the same by the Managing Committee of the society. But it should be the policy of the society to enable members to increase their production in good years with a view to store the surplus production for use in bad years.

(5) The feasibility of installing on the banks of rivers pumping plants for irrigation purposes to be owned by the Agricultural Department or co-operative institutions should be considered with the help of the Engineering Department.

(6) As regards Mr. Gonehalli's 6th proposal, the Sub-Committee does not think it necessary at present to approach Government for an amendment of section 228 (d) of the Famine Relief Code in order to include gowlis as genuine cultivators.

## APPENDIX VII.

## Agenda of Sub-Committee No. 3.

SUBJECT.—*Suggestions about the Financing System.**(1) Area of financing institutions.*

The number of societies is fast growing and the expense of the movement necessitates the earnest consideration of adequately financing these institutions. In the beginning of the movement the Bombay Central Co-operative Bank used mostly to finance these institutions. But the growth of the movement demands the creation of financing institutions in the mofussil. The Co-operative Department is trying to start District Banks and the prevailing opinion in the Department seems to be that the district should be considered as the unit for such institutions. To conduct such institutions some capable and influential persons are required, and it seems that in the opinion of the Department such persons could be found mostly in district towns.

I am humbly of opinion that the district town is not likely to bring to the mind of rayats that it is their own bank and they are not likely to evince such interest which is necessary to arouse in them the sense of co-operation. The money which could be tapped in talukas could not be attracted to the district town, as village sowkars and agriculturists are by nature rather distrustful of any Bank that is at a distance from their home.

The establishment of Taluka Banks has been advocated by Mr. Ramnikrai N. Meheta of Baramati in a thoughtful article contributed to the Bombay Co-operative Quarterly, Volume II, No. III, page 134. In the editorial notes in the recent number I, Volume III, of the Bombay Co-operative Quarterly, the establishment of Taluka Banks has also been advocated. In the Report of the Committee on Co-operation published in the year 1915 we find discussion of this subject at page 68, paragraph 108. The general principle discussed in this report leads one to think that no hard and fast rule is laid down by the Committee as to the area regarding the establishment of Co-operative Banks; though the leaning of the report seems to be to make the area large enough as to comprise about 250 societies.

The agriculturists in the mofussil are more or less financed by Taluka Sowkars, and by making the organization available at a taluka place the local resources could be tapped to a very considerable extent, and the proximity of a bank with the affiliated societies would ensure close supervision.

The district town would be too large an area to be within the reach of the village folks and would be too far removed to have intimate knowledge of affiliated societies, and so essential factor in Co-operation about mutual knowledge would be wanting. There are several taluka places in this Presidency which have all the facilities of communication with Bombay and there are merchants and traders in taluka places who have business connection with the Presidency town. The establishment of banks in taluka places would therefore be from all points of view very desirable, as the small area would tend to foster the spirit of co-operation and increase the number of societies both credit and non-credit, with the adequate facilities of finance by the concerted and organized action of men in the Taluka. So far I have dwelt with the advantages of establishing banks at taluka places. I will now deal with other types of financing institutions which have grown out of development of some urban societies. The intensive development of co-operation in some of the taluka places has led to the accumulation of large local capital and some of the urban co-operative societies have either been partly converted into financial institutions which are technically termed Unions or have been authorized by the Registrar to lend the surplus fund to agricultural societies. In these institutions loans are advanced to individual members as well as to societies.

The Committee on Co-operation in its paragraph 139 has expressed its opinion that institutions of this mixed kind are not desirable and therefore the policy of the Department seems to prohibit or restrict these institutions from lending money to societies wherever district banks have been established. This restriction is partly enforced with a view that these institutions should not hinder the growth of district banks.

The Committee on Co-operation have not given detailed reasons why such mixed types of banks are not desirable but the reason seems to be the apprehension about the likelihood of clash of interest between the individual borrower and the affiliated society. I am intimately connected with one of such institutions and so far as my experience goes, I have not found any cause of conflict between the individual borrower and the affiliated society. I may be permitted to quote some figures of Barsi Union. At the end of June last Barsi Union had deposits of varying rates of interest and periods as follows:—

<i>Current.</i>	<i>Fixed.</i>
Rs. 1,300 at 2 per cent.	Rs. 46,968 at 5 per cent. for 1 year.
Rs. 21,233-10-6 at 3 per cent.	Rs. 23,425 at 6 per cent. for 3 years.
	Rs. 6,500 at 6 per cent. for 5 years.

The working capital of Barsi Union on June last was Rs. 1,37,302-14-8. The Registrar has restricted loans to societies to one-fifth of the working capital by his order of 8th April, 1918, as the district bank was established at Sholapur. According to this restriction the Barsi Union could lend to societies to the limit of about Rs. 27,500. At present the Union has sanctioned loans to societies to the extent of Rs. 23,000. So the margin left is about Rs. 4,500. As the field of operation was restricted this institution had to refuse deposits to the extent of Rs. 20,000. If there had been no restriction, the Barsi Union would have lent to societies to the extent of about Rs. 75,000 by this time. The deposits being at a moderate rate of interest and for longer period the Union could lend to A Class societies at 7 per cent. and for a longer period than one year. There have always been either one or two representatives of affiliated societies on its board and supervision of affiliated societies is undertaken by this Union. It may also be borne in mind that deposits in this union are mostly from agriculturists and other people who would not go to a distant bank.

The deposits in the Sholapur District Bank were about Rs. 40,000 by the end of June last. It will get more deposits in the course of time, and I am not writing this with a view to disparage that institution. I am myself intimately connected with the District Bank, and therefore I could not be accused of any spirit of fault finding.

My point in giving the above figures is to show that more than one financing institutions are required, as societies are growing, and the idea of centralizing the finance to one unit in the district will have to be modified by practical experience. The fund which could be attracted by taluka banks will scarcely be diverted to district banks and so much advantage would be a loss to the movement. Those urban institutions which have been in existence for a number of years with efficient management have naturally built up a reputation as sound concerns, and depositors are eager to put their money at a moderate rate of interest in them. For a new bank to acquire the status equal to old concerns would require some time; and I am humbly of opinion that advantage of old concerns which are efficiently managed should be taken to the fullest extent.

Whatever weight might be given to the views expressed in the report of the Committee on Co-operation, I am humbly of opinion that those views should not be considered as one of the commandments from Sinai, and it would not be a sacrilege to depart from them. Pandharpur Urban used to lend loans to neighbouring societies, but it had to stop that system by the Departmental order. I am of opinion that in the Sholapur District at least three financing institutions are urgently necessary.

The number of societies in the Sholapur District is now 105. The latest figures regarding the number of members and loan per head are not available. The number of members may be 10,000 and to satisfy even the current wants of so many members it would require Rs. 10,00,000, and with the growing number of societies more funds would be required.

Sholapur District is one of the favoured tracts of famine, and in order to avoid this dire calamity many wells will have to be sunk and embankments put to relieve the agriculturists from their miserable condition. To effect all these things very large funds would be required, and the more the number of banks which could be safely started, the more would be the deposits tapped from resources which have been lying idle. Unless the material condition of the agriculturists is so far improved as to augment their sources of income, Co-operation could not be said to have much succeeded.

I have given the condition of the Sholapur District and I have shown that three banks at three places, viz., Sholapur, Barsi and Pandharpur, may be immediately started. In other districts also wherever such conditions could be obtained, similar institutions should be started. There is a principle of centralization of finance and decentralization of supervision, but I am humbly of opinion that if both these could be amalgamated in small areas, it would be desirable in the interest of the Co-operative movement.

I therefore submit for the consideration of the Conference the following points:—

1. Is it desirable to establish Taluka Banks?
2. Is it desirable to encourage Urban Societies to undertake the function of Taluka Banks with the safeguards of the representation and supervision of affiliated societies?

R. M. SANE,  
Divisional Honorary Organiser,  
Co-operative Societies, Central Division, Barsi.

#### (2) Taluka Banks.

‘The area of Central Banks should generally be a Taluka and not a District.’  
In December (1918) issue of the Bombay Co-operative Quarterly I have tried to explain why I hold the above view; here I shall only summarise the points mentioned therein.



*Deposits* :—In order to find out capital for financing primary societies Taluka Banks will attract more deposits than District Banks, because—

(1) In some of the District towns there is the branch of the Presidency Bank or some small dependent Banks or many reliable firms dealing in trade and industry ; it is difficult to divert this capital to Co-operative movement, and even if we do, it is undesirable because ultimately it will affect the agricultural industry to a certain extent.

(2) If there is any hoarded wealth in India it is in the villages and those villagers will prefer to deposit their capital in a Bank which they can frequently visit and which is nearer their homes.

(3) Agricultural finance is at present controlled by sawkars in Taluka towns, and with the increase of Co-operative movement their capital is likely to remain idle ; if there is any agency near at their doors to accept their amount at a reasonable rate of interest they will at once see their way to help the movement and themselves.

(4) It is said that Post Office Saving Banks have hitherto to a large extent failed to attract depositors from the agricultural population, and the very fact that some of the Urban Societies in Taluka towns have got funds more than required, proves that Co-operative Banks will attract that capital.

*Remittances* :—Most of the Taluka towns have got direct communication with the Bombay money market, and so Taluka Banks can serve as a useful link between the Provincial Bank and the Primary Societies.

(1) All Co-operative Banks, whether District or Taluka, will have to keep connection with the Provincial Bank, and it will be a loss of interest if the money will have to be first remitted to Taluka Treasury and then the District Bank will have to send the remittances to Bombay.

(2) A member of a Co-operative Society will get better prices of his produce if he is prepared to accept a Hundi and not insist on cash payment ; this he can easily do if there is a Bank at a Taluka place where generally his produce is sold.

(3) R. T. R. causes delay and great inconvenience to the people ; such is not the case if Hundi system is adopted. The rates of exchange are likely to be favourable to Farmer Banks in most part of the year, because the seasons in which members of Rural Societies want money are generally slack for trade purposes and hence funds can easily be obtained by selling Hundies, and the seasons in which members repay, the rate for buying Hundies is favourable. The seasons for the requirements of the whole District are not necessarily uniform and so this advantage cannot be taken by District Banks.

*Management* :—All Co-operative authorities agree that primary societies should have an effective voice in the management of Central Banks. If these banks are at a very distant place where very few members go, and that also infrequently, it is impossible to give them a real share in the management. Members of societies frequently go to Taluka towns for marketing, for Kacheri business, for medical assistance and for various other reasons. Even if they do not go to the Bank Office they can gather information regarding the Bank from the Bazar, or in their own village. As regards District Banks no information is available except without correspondence with the Bank Office.

In Taluka towns even professional men like lawyers, doctors, etc., are in touch with the condition of the clientele of Co-operative Banks and so are prepared to do honorary work for them.

Unlike joint-stock banks Co-operative Banks do not require expert business men in their directorate, and so no difficulty is likely to arise on this point ; the only objection that can be raised is that owing to the volume of business being small in Taluka Banks, well paid staff cannot be maintained, but the professional and other reliable people in district towns are so very busy with their own work, that they can hardly devote sufficient time in Co-operative interests. While in Taluka towns much of the work can be expected to be done by honorary workers and only clerical staff need be maintained. This is most desirable from the Co-operative point of view.

*Fluid resource* :—A lesser percentage of fluid resource is required if deposits are drawn from purely local people, or in other words, from people who are acquainted with the general position of the institution patronised. It is doubtful if the above condition can be fulfilled by depositors in district Banks but it is possible if the area is confined to a Taluka.

The Provincial Bank will prefer to maintain fluid resource for say 20 lacs of rupees in favour of 40 Taluka Banks rather than allowing the same credit to 10 District Banks.

The best way, however, to provide fluid resource is to purchase grain and other produce of the Taluka at the harvest time (i.e. when the rates are low) and go on selling during monsoon when generally the rates are high. If this is considered beyond the sphere of Central Banks the debtor members of Co-operative Societies might be allowed extensions if the produce is stored in the possession of the Banks.

In case of a run on the Banks the produce thus stored might be sold off. Such arrangements are impossible in case of District Banks.

The establishment of Taluka Central Banks is absolutely essential if purchase and sale societies are to be developed on sound lines.

I have advocated above, the establishment of Taluka Central Banks ; that does not necessarily mean at a place where mamlatdar and other Government officers reside ; mostly these places are commercially developed, but if there is any other village in a Taluka which is commercially more advanced the seat of the Central Bank be located there. The Co-operative organization will remain incomplete if it will jump over one important step of business activities of interior trade.

**RAMNIKRAI N. MEHTA,**  
Agent, Bombay Central Co-operative Bank,  
Baramati Branch.

(3) *Taluka Banks.*

The Provincial Bank should finance District Banks only, it being left to the latter to finance Unions and Societies. Where there are Unions, District Bank should finance such Unions, it being left to the latter to finance the societies affiliated thereto. In the district where there are no Unions, the District Bank should finance all the societies in the district ordinarily. The Unions are in a better position than the District Bank to supervise the work of their affiliated societies. It is also desirable that each Taluka should have a Bank started for financing societies therein. The course suggested above will, it is hoped, facilitate work enormously and ensure stricter supervision. It would be advisable to empower District Banks to make loans up to Rs. 5,000 in each case to *bona fide* agriculturists for redemption of their old debts and big land improvements, on the security of their immovable property of a value not less than double the amount of loan. The rural societies are unable to make such loans, and the result is that such agriculturists are in consequence driven to the necessity of running to sowkars for help. The rate of interest charged by the District Banks should be 9½ per cent. and that charged by the societies 11 per cent. District Banks are required to entertain costly establishment and meet heavy contingency and inspection charges. It is therefore fair that they be allowed a somewhat higher rate of interest proposed above.

**S. V. MENSINKAI,**  
Chairman, Karnatic Central Bank, Dharwar.

(4) *Branches to District Central Banks.*

Central Banks are opened in some districts. Generally the village people are not willing to go to the district town to keep their deposits. They want to have a place near their villages. I therefore propose that the Central Banks should be authorized to open Branch Offices in the important Taluka towns. It is better to open Branches instead of separate Taluka Banks.

**V. S. JOG,**  
Honorary Organiser,  
Co-operative Societies, Pandharpur, District Sholapur.

(5) *Branches of Central Bank.*

The village societies are put to much inconvenience and some loss of interest as they have to get loans and return them through the taluka Sub-Treasuries. The Provincial Bank and the District Central Banks may be requested to open branches in suitable centres like Taluka places wherever there is group of 100 or more rural credit societies, provided that the total turnover is expected to be not less than three lacs of rupees.

**A. G. KOTWAL,**  
Assistant Auditor,  
Co-operative Societies, Rannebenur.

(6) *Finance to Limited Liability Societies.*

With the expansion of the Co-operative movement, Societies of different types have come into existence and these will doubtless yet develop in various directions. Questions of taking periodical stocks and of annual or biennial audit will have to be considered in the forefront to see that the business done is safe and sound.

2. I am, however, going to the root of the very existence of Societies. The whole fabric is to be built on finances, and finances are *sine qua non* in business. So far as unlimited liability societies are concerned, I have nothing to mention. They can and do command better credit and the public have sufficiently learnt to trust them to a goodly extent.

3. Things, however, do not stand on the same footing when the question of financing limited liability societies has to be faced. The Bombay Central Co-operative Bank have at the most tried to facilitate the District Central Banks not lending to individual members and confining their business to rural unlimited liability societies. The lines on which such business should be developed have also not been sufficiently indicated by the department.

4. Credit Societies when started on limited liability basis have not much security to show if only a few shares of small value are subscribed. Generally Co-operative Societies shares are of small value and these are tiny concerns only. When these are situated in towns or villages central banks are not inclined to help them, but this state of things cannot be allowed to go on for all time and these small societies cannot be allowed to die in the cradle. I venture to suggest a *via media* for helping them. Central Banks are not intended to be dividend hunters merely and their sacrifices have to be very much appreciated when they exist for helping societies only. It would only be in the fitness of things that the District Central Banks should encourage small urban limited concerns, and these may develop in various directions promoting social, educational and industrial measures, not unoften dealing with the causes of general health and sanitation of the locality. We may therefore reasonably expect the District Central Banks to be quite willing to lend to such societies at least twice the sum collected by them, and they may further be induced to lend an equal amount against a pro-note and the collateral security of the bonds obtained by them (the borrowing societies) from their members, of the value of three times the loan amount. This course will enable the limited liability societies to obtain four times the paid up capital.

5. The Provincial Central Bank has perhaps a greater responsibility and is expected to help much better, and a part of its business and that of its annual profits also should be earmarked for such help, both in the Presidency town and the mofussil. Considering that this Bank's area of operations would be large it is suggested that it should also gladly provide twice the amount of the liability undertaken by members to contribute in case of loss, and an equal amount against a promissory-note and the collateral security of the bonds obtained by the borrowing societies from their members.

6. This is co-operation within co-operation and it is believed that the course suggested in paragraph (5) above, about undertaking a further liability will not be hard on members. It will only keep them more on the alert and will thus in a way improve the internal management of societies. It is not necessary to say that such a provision in one way means a security.

7. Wherever possible advantage may be taken of both the District and the Provincial Banks, and thus eight times the paid up capital can easily be secured as a loan to limited liability societies, and thus the hopes entertained by such societies may be fully realized.

A. U. MALJI,

Divisional Honorary Organiser,  
Co-operative Societies, N. D.

(7) *Suggestions about the Financing System.*

(i) How to check outside borrowings ?

Even in the most developed societies, much outside borrowing takes place and the Committee seem to be quite unaffected by it. They have been accustomed to this state of things and appear to think that it is not possible to check it. It is so under our present system of finance. The local sowkar finances his clients more conveniently than a society. The transactions in our societies are confined to about one or two months in a year, during which all the borrowing and lending takes place, and the society goes into abeyance for the most part of the year and members freely resort to the local sowkar for petty and urgent needs. If this is to be stopped, the only way for our societies is that they should accommodate their members in the way the sowkar does. But this is not practicable, if they have no fluid resources to draw upon. The difficulty would be avoided if A and B class societies are given cash credits by Central Banks, to draw upon at short notice. The amount of cash credit to be given to a society might be fixed in the proportion of 1 : 5 of its total working capital. It should be subject to revision every year. Cash credit from a local sowkar would be more convenient, but we cannot count upon it everywhere, in the present state of the movement. Unless this sort of flexible and easy finance is arranged much good that societies are capable of doing will be denied to their members. This difficulty would not occur in the case of Union societies, which are provided with liberal cash credits.

## (ii) Verification of assets:—

The second difficulty that is experienced in our present system of finance is about the certification of assets. District Central Banks will not finance, unless the assets statement is certified to be correct by a responsible officer of the Department, and the only officer available for this purpose is the Honorary Organiser. He is an honorary worker and the verification of an assets statement is not a very pleasant task. The applications are always urgent, but he cannot afford to deal with them promptly amidst his private work, especially because the number of applications is increasing every day, with the multiplication of District Central Banks. Agricultural loans are no good if they are not received in time. The way out of the difficulty seems to be that Central Banks should provisionally accept the assets statement certified by the officers of the society and sanction loans. It might afterwards be verified at leisure by the Honorary Organiser. It may be noted here that no such certification is insisted upon, so far as I am aware, in the Madras Presidency, where the institution of special Mamlatdar is unknown. It is not likely that Panchas—a Committee of respectable five ('God resides in Five'—Indian saying) can conspire together to overvalue the assets, especially when there is no necessity for it, the assets of village societies being much more than their needs. The experience in the Madras Presidency shows that instances of dishonest valuation have rarely occurred, and there is no reason why a system which has worked well in a neighbouring Presidency should be viewed with distrust in Bombay, where the conditions of landholding are more or less similar.

The following suggestions are made to obviate delays:—

1. In urgent cases, the assets statement as prepared by the Managing Committee should be provisionally accepted, to be afterwards verified by a responsible officer.
2. A fresh valuation should not be required unless there is a 15 per cent. increase or decrease in membership.
3. Irrespective of condition (2) above, valuation statement should be re-examined every five years.

K. B. BHADRAPUR,  
Assistant Registrar,  
Co-operative Societies, S. D.

## (8) Section 20 of Trust Act No. II of 1882.

Where the trust-property consists of money and cannot be applied immediately or at an early date to the purposes of the trust, the trustee is bound (subject to any direction contained in the instrument of trust) to invest the money on the following securities and on no others:—

(a) . . . . . to (f).

Amend by addition of the following words:

“Or in any registered society approved by the Registrar, Co-operative Societies.”

*Reasons:—*It is not possible at present to invest the money belonging to the Court of Wards in Co-operative institutions which are not trust securities under the Trust Act. It is very desirable to make necessary amendments in the Trust Act so as to allow of investment of trust funds in any society which may be recommended by the Registrar.

M. S. KULKARNI,  
Honorary Organiser,  
Co-operative Societies, Gadag, District Dharwar.

## (9) Trust Funds.

Government, under the Government Order No. 2508 of 13th March 1918, have not favourably considered the legality of the investment of the funds of Courts of Wards. In the said resolution Co-operative Banks are not thought to be the places where Court of Wards could invest their money because they offer 6 per cent. interest for such deposits. Government have remarked that “If, as might be inferred, the Registrar holds that Government should guarantee repayment of the deposits, he should justify this position in more detail.” The Court of Wards Act does not make the Indian Trusts Act, 1882, applicable so as to bar the investment of wards' funds otherwise than in accordance with sections 20 and 21 of the Indian Trusts Act. Co-operative societies or Banks of limited liability which finance rural societies only of unlimited liabilities are therefore now suggested as the convenient places where Court of Wards' money could safely be invested. Collectors administer the wards' estates and it is natural for them to hesitate to deposit wards' funds in Co-operative societies unless an assurance from Government directing this policy is given. They rightly desist from incurring the responsibility of

taking necessary action in this connection on their own initiative. Matters should therefore be made clear to assure Government of the benefits both to the movement and the wards whose funds the movement seeks to obtain at a reasonable and sure rate of interest, so as to apply the money in the advancement of the general conditions of poor agriculturists. It may be observed here that societies or Banks of the type described and well managed societies of unlimited liabilities are safest places for investing money from Court of Wards' funds. A society of unlimited liability, for instance if it is or has reached the stage of a first class society and built a reputation to fit itself to undertake duties or responsibilities such as Government undertake to do or incur, is quite suited for investment of money therein from the Court of Wards' estates. No guarantee beyond this is required from Government.

The strength of the movement is such as inspires confidence in the general public; only that well directed management has to be certified, and Government does that through the Auditors of the Department working under the Registrar. Public are encouraged to form Co-operative Central Banks and Co-operative Societies. Where do their funds come from? Public themselves put in their moneys at a much easier rate of interest. The movement is initiated by Government for the good of the public (both depositors and borrowers). When the general public are being thus encouraged, why the Court of Wards, which is nothing but a unit of the general public in a different form, should remain isolated not to enjoy the safest rate of interest which the co-operative societies offer and actually give.

L. G. GOKHALE,  
Assistant Auditor,  
Co-operative Societies, Belgaum.

(10) *Investment of Court of Wards' Funds in Co-operative Societies.*

Government, in their Order No. 2508 of 13th March 1918, have expressed their opinion that placing money on deposit at a co-operative bank could not legally be justified as an investment because such a deposit is a mere advance without any security.

The question of security is dispensed with by the very fact of a society being of an unlimited liability. Interest is offered by them at rates ranging from  $6\frac{1}{2}$  per cent. to  $7\frac{1}{2}$  per cent. according to the suggestions made in the new Co-operative Manual. The increased rates of interest depend on the duration of time during which the deposit is made available for use in the transactions of a society. District Central Banks advance loans to well-merited and well-managed societies in their charge on affiliating the societies to their jurisdictions. Their loans are thus usefully advanced to unlimited liability societies about whose security the deep-rooted movement itself can certify. If Government looked the question of investments of Court of Wards' fund in societies as one of doubtful utility or safety, the whole movement would incur the blame of the general public, who are its real depositors. It is natural that they should question the doubts of Government about the safety of Co-operative Societies as the best places for the suggested investments. The Government views on the subject may be got modified on the force of this argument, which is in favour of the movement.

V. B. KULKARNI,  
Honorary Organiser,  
Co-operative Societies, Kallol, District Belgaum.

(11) *Necessity of amending the Trust Act.*

The provision in the Co-operative Act that agricultural rural societies should be of unlimited liability is the greatest safeguard for the investment of capital in these societies. During the last fifteen years the Act is in operation and thousands of unlimited agricultural societies have come into existence. These societies are allowed to borrow at a limit which would in all human probability be so safe as to avoid the least chance of causing any loss to any investor. The assets of these societies are several times greater than the borrowing limit, and consequently there has not been a loss of a single farthing to any investor. This would show that the security for investors in unlimited societies is as much safe as in the case of other securities provided by section 20 of the Indian Trust Act (Act II of 1882).

The demand for money by these societies is far greater than the supply. The redemption of old debts would alone require lakhs and lakhs of rupees for each taluka. The first Registrar of Co-operative Societies in this Presidency, Mr. McNeill, had approximately calculated that in the Deccan Districts 25 to 30 lakhs would be required for the redemption of old debts. The improvement of agricultural lands is another important question which will have boldly to be tackled with. All these questions would primarily require great sinews of war and the co-operators should always be on the lookout to tap every fresh source of finance.

The surplus funds of minors were, by the Government Resolution issued in 1910, allowed to be invested in Co-operative Societies. But the opinion of the Advocate-General, Bengal, raised the legal difficulty and the Government of Bombay issued resolutions in the Revenue Department Nos. 4845, 9085, 2736 and 2508, dated 25th May 1914, 25th September 1914, 6th March 1915, and 13th March 1918, respectively. These resolutions have discouraged the Courts of Wards from investing the funds of the minors in the Co-operative Societies. The Financial Commissioner of Punjab had suggested that the legislation should be so amended as to validate the investment of minors' money in Co-operative Societies. Several Co-operative Societies in Sholapur, Satara, Kolaba, Ratnagiri, Kanara and Broach Districts approached the Bombay Government by memorials on this subject, but the Government declined to consider the request to amend the legislation by their Order, Revenue Department, No. 8383, dated 28th August 1916. The memorialists perhaps may not have made the matter thoroughly intelligible to Government.

This is in short the past history of this question. The investment of minors' money in Co-operative Societies would carry excellent rate of 6 per cent. interest and the benefit of such investment would be reciprocal. The money to be tapped by this source, if locally invested, stands greater chance of vigilant supervision by the Collector and other authorities, and the amount would be used for the benefit of the people of the Districts in which the minors' estate is situated. The Registrar of Co-operative Societies and several Collectors are in favour of these investments, and I would earnestly request the Conference to consider this subject seriously.

Another source which would be tapped by the Co-operative movement is the fund of the Insurance Companies, which have got ample money to invest. The advances of these companies can be secured at a low rate of interest and for longer periods than usual, and the problems of debt redemption and improvements of lands will be easy of solution. My friend W. G. Chirmule, Esq., B.A., LL.B., Honorary Organizer, Co-operative Societies, Satara, who is the life and soul of Satara Life Insurance Company, has suggested to me that ample funds would be forthcoming from Insurance Companies to benefit the Co-operative movement.

As suggested by the Financial Commissioner of Punjab, the legislation urgently needs amendment and there is no reason why the Government of India would not consider it necessary when the Conference unanimously passes a resolution recommending to amend the Indian Trust Act. Sir Fazalbai succeeded in getting the Trust Act amended so as to validate the debentures issued by the Bombay Central Co-operative Bank, Limited, as legal securities under section 20 of the Trust Act. Similarly the investment of Insurance Funds and Minors' Funds can be legalized, and I therefore propose that the following proposition may be considered by this Conference :—

The investments of the Insurance Companies' Funds, and Minors' Funds, which are administered by the District Judges and the Courts of Wards, in the Co-operative Societies with unlimited liability or in Co-operative Banks which lend their funds to unlimited liability societies, should be considered legal investment under section 20 of the Trust Act.

R. M. SANE,  
Divisional Honorary Organizer,  
Co-operative Societies, C. D., Barsi.

(12) *Rate of interest charged by the Bombay Central Co-operative Bank.*

The rate of interest charged by the Bombay Central Co-operative Bank is rather high. In order to popularize the Co-operative Societies the rate of interest should be lowered. In some of the talukas in East Khandesh the rate of interest is 6 per cent. In these parts Co-operative Societies that charge the interest 1½ pies per rupee will never be popular, but on account of the higher rate of Talgaon Central Co-operative Bank, which is 8 per cent. at present, the societies are compelled to accept the rate quoted above.

In order to increase the capital of Central Banks, in my opinion, the societies must purchase one share whenever loan is asked from the Central Bank.

In the same manner every society must take compulsory fixed deposits from its members, which must be at least 5 per cent.

I have introduced the system of compulsory deposits in Bhusawal Taluka and I am glad to say that the amount of fixed deposits is increasing gradually. The interest paid on these deposits is fixed as ¾ pie per rupee.

S. Y. SONTARKE,  
Assistant Honorary Organizer,  
Co-operative Societies, Bodwad.

Remittance Transfer Receipts are at present issued between societies or branches of societies, so also refund of three-quarters of money order commission is made on the remittances by postal money orders between societies and their financing agents. These concessions should also be extended when the remittances are to be made to merchants' firms, etc., for purchase of oil-cake, etc.

**R. B. PALEKAR,**  
Agricultural Organiser, Co-operative Societies, Poona.

## APPENDIX VII-A.

## Report of Sub-Committee No. 3.

SUBJECT.—*Suggestions about the Financing System.*

Chairman.—Honourable Mr. CHUNILAL V. MEHTA, M.A., LL.B.

*Present.*

Rao Bahadur Ambashankar U. Malji	Mr. C. K. Raiji (Surat)
Rao Saheb P. N. Pandit	„ G. S. Marathe
Dr. T. D. Velankar	„ Chunilal A. Pandya
„ R. H. Shirhatti	„ V. S. Mensinkai
Mr. H. H. Devan	„ V. L. Mehta
„ K. B. Ankalgi	„ V. N. Jog
„ J. N. R. Mehta, Central Bank, Karachi.	„ M. V. Khoti
„ V. S. Gokarn	„ S. C. Ghodi
„ R. B. Kulkarni, Central Bank Belgaum.	„ C. S. Mehta.
„ K. C. Woke	Honourable Mr. Lalubhai Samaldas.
	Mr. Madhavjee D. Thackersey.

The sub-committee desire to report as under, after having carefully considered all the notes and papers submitted to the Conference on the subject of finance:—

1. There should be only one agency for the financing of primary societies in one particular area.
2. The area of operations of central financing agencies should be prescribed in consultation with the Registrar of Co-operative Societies and the central banks concerned. It should be so defined as to permit of supervision being conducted efficiently and economically, and adequate and prompt finance being provided for rural primary societies.
3. Though at the present stage of their development, it may be difficult for central banks to start branches in taluka towns, such branches may be opened where local conditions permit or necessitate the establishment of such branches. In other areas, for the purpose of facilitating finance and supervision taluka banking unions lending only to societies or branches of the provincial bank may be started. The latter two alternatives are, however, to be adopted only where there is a demand from primary societies for timely and adequate finance, which the local central bank is unable to meet either direct or through its own branches.
4. With a view to ensure closer touch between borrowers and lenders, it is desirable for central banks to entertain some staff for supervising borrowing Societies.
5. In order to provide an outlet for the superfluous funds of Co-operative Societies, arrangements should be made by central banks to receive such funds in deposit at special concession rates. Paragraph 30 of the Registrar's leaflet containing hints on management may be amended accordingly.
6. In view of the demands from agriculturists—whether members of societies or not—for large long term loans for such objects as land improvement, purchase or installation of modern agricultural machinery or redemption of old debts, there is need for some Co-operative organization to lend to individuals on mortgage security. It is desirable, however, that such an organization should be entirely distinct from the central banks intended to finance primary societies.
7. The financing of primary societies with a limited liability is an aspect of Co-operative banking that can no longer be neglected. Loans may be advanced by central banks to societies with a limited liability on the security of their own pro-notes, supported by other approved collateral security.
8. With reference to the orders passed by Government in March 1918, on the legality of the investment of the funds of Court of Wards in well-managed Co-operative Societies, the Registrar of Co-operative Societies may be requested to move Government to re-consider their decision and to be pleased to permit the investment of such funds in central Co-operative banks, with the previous approval of the Registrar.



## APPENDIX VIII.

## Agenda of Sub-Committee No. 4.

SUBJECT.—*Suggestions about Supervision, Education and Propaganda.*

(1) *Taluka Development Committees.*

1. It is gratifying to read the statements showing progress of the Co-operative movement in India. The number of Societies have now reached a decent figure. Taken by Provinces, Ajmer-Mewara stands first. Next comes Burma. But our Bombay figures show on comparison how much more progress has yet to be made by us in this Presidency.

2. The movement inaugurated by the Co-operative Department is the best common ground for every class to meet. Co-operation has gained the public confidence. Agricultural Societies are the most important productions of the Co-operative movement, as agriculturists form the vast majority of our people.

3. In view of the backward condition of the cultivating class, their illiteracy and their indebtedness, our educated classes, I hope, will realise the best possible means of introducing agricultural improvements by way of co-operation that helps the growth of the country. To tackle the corner parts of the country rich in soil and poor in knowledge, a regular campaign of organized bodies to create co-operation among them is essential, especially in these times of rapid improvement.

4. With this view in mind, I had the chance of learning more from the present Mamlatdar of the Kalghatgi Taluka in the Dharwar District, who was touring in his Taluka in order to ascertain the agricultural situation of the Taluka to which he was transferred at the time of the last sugarcane crushing season. The soil of it is good with the facility of irrigation water. But there is not the slightest bit of improvement in the old methods of cultivation; it is not because the rayats do not want improvement but the drawback is that they have no headway for want of guidance, self-help and co-operation, as they are illiterate and fallen into debts. We may see many such parts in most of the districts of this Presidency.

5. There were only three societies in this Taluka during the period of past ten years; and at the request of the Mamlatdar, our able and energetic Assistant Registrar of Co-operative Societies, S. D., was kind enough to visit the Taluka in June last. A meeting of the leading people of the Kalghatgi Taluka was held on the 17th June 1919 to start a Co-operative Development Committee for the Taluka. The Assistant Registrar was kind enough to invite me for the occasion and ask me to assist as a leading member of the body in organizing societies there. A Committee was formed of 18 members from all the quarters of the Taluka, the Mamlatdar being the President of it. I was given the jurisdiction of the whole Taluka.

6. We commenced the work the very next day and a few energetic members took the lead under my guidance. We, purely non-officials, tackled first, big villages that have the advantages of roads, schools, etc. In the beginning, we had to welcome difficulties in some villages as the people were quite new to co-operation and the Honorary Organizers had not the pleasure of visiting all those villages from Dharwar, a distance of 21 miles and above by road. I had to trouble myself much by explaining the various advantages of co-operation and its method of introduction, in order to secure the sympathy of all the villagers for this. When I succeeded in forming 2-3 societies with the amount of deposits in cash on the spot, I was little bit encouraged and the members accompanied me, became trained in lecturing, advising, writing the forms, etc.; and selecting good persons for the management of the societies. By this time, the news was spread in all directions of the Taluka that a Co-operative Development Committee had been formed to organize societies in the Taluka to help the rayats; and the people in villages we visited afterwards began to co-operate easily and show their need for such societies and see us with sincere love and reverence. We had naturally to look to their economic condition, their comforts, sanitation and convenience of all sorts in their villages. We had organized a regular campaign and within a period of 20 days we formed ten societies in a tract that had been left hopeless for co-operation for the last ten years. We have now given a lead for further organizations, awaiting the registration of these societies formed and their good work for the liking of the people. I have now been receiving calls after calls from other villages who have now the inspiration of having such co-operation in theirs. The moving members of our committee are also encouraged to work in all the directions, as their efforts have been appreciated and become successful. They have now become a body to teach villagers correspondence and account-keeping, auditing and other routine work in connection with the management of the societies.

7. I earnestly propose that such Development Committees should be formed in all the parts, especially in backward tracts, for the enhancement of the poor and the ignorant. And at the head of them, if executive officers be Presidents, we derive more sympathetic and

timely help from them in several of our needs and that gives much facility for the success of our work.

**PUTTARAJA WODEYAR INAMDAR,**  
Chowdadanpur,  
Member of the C. D. Committee, Taluka Kalghatgi.

(2) *Appointment of Additional Government Organisers.*

1. It has now been generally admitted that Co-operative Department has justified its inauguration and existence in this Presidency. It is also admitted that the spade work the department has so far done has been successful and sufficient. The seedling being well up, it is now the duty of the intelligent fieldman to find out ways and means for rearing it up into a full-grown and useful tree. It is, however, now the time to see whether there are any defects in our present system of supervising and establishing new societies.

2. At present practically there is no supervision of the societies' work except what is done by the Government Auditors, which is not sufficient by itself. The Central Banks which supply loans to the societies have got the first responsibility in the matter of supervision. The Honorary Organizers and their assistants do not seem to be doing much work of supervision. I, therefore, think that some special paid establishment is necessary for the work. The question arises who is to bear the expenses. I would suggest that they should be borne firstly by the District Banks and the Bombay Central Bank and secondly by Government at least for some years to come. Taking the case of my District, I would like to have a supervisor at Rs. 60 to 80 with one peon at Rs. 12. Taking into consideration his travelling expenses the cost for a year would be :—

	Rs.
Average pay Rs. 70×12	.. 840
Peon Rs. 12×12	.. 144
Travelling expenses about	.. 300
Contingencies	.. 36
	<hr/>
Total	.. 1,320
	<hr/>

3. For every administrative purpose a village is a unit to be looked to and in extending the co-operative system we have to look to these villages. So far as the past experience goes we see that in naturalising this exotic plant in our midst, where 80 per cent. of the population is illiterate, we had to push it up, without proper care, to the notice of the public even at the risk of getting failures in our work. I can quote instances of the so-called rural societies which were organized by some of us where all the elementary principles were sacrificed to make a show that so many societies were created, and these were afterwards declared to be failures and bad examples. One learns better by making mistakes no doubt. But now the time has come when we should be quite plain and honest in our dealings in the matter and should only establish a society after creating true desire among the villagers and after studying the local conditions. I for one would not like to have a society unless the village or village group satisfies the following conditions :—

- (1) There are at least about 50 land holders and cultivators.
- (2) Five of these are sufficiently literate.
- (3) There are about 5 men who have not to go to borrow money, about 10 who have to do it but get the money at less than 9 per cent. and the rest are permanent residents of the place and have to borrow money at more than 9 per cent. and up to 24.
- (4) There are no bitter factions in the village.
- (5) It is within an easy distance of a Post Office. But I do not think that at present in all cases these conditions are insisted on. I also think that no serious and persistent attempt is made to make the villagers understand the real principles of co-operation and the benefits therefrom. I, therefore, think that the time has now come when proper measures should be taken to see that all this is done before a new society is allowed to be formed.

4. As for the propaganda and education in co-operation at present some Honorary Organizers and Assistant Organizers are appointed for each District to work under the Divisional Organizer. These gentlemen have, perhaps, got no sufficient time to spare to devote themselves to the work of organizing new societies in their charge. Government have appointed some unpaid organizers, one for several Districts. These arrangements are, in my opinion, quite insufficient for the purpose. Really speaking each District wants at least one Government servant organizer for itself for some years. But perhaps, it may not be possible to have many such men. I would, however, suggest that as an experimental measure one District in each Division may be selected and special attempt should be made in it and particularly in

some of its talukas by appointing one paid Organizer specially, his duty to move round the particular area and to make special survey of the villages which are likely to have rural Co-operative Societies. When this is done he should be asked to camp at those villages now and then and to bring home to the villagers the principles and advantages of co-operation and induce them to form societies. The work of special survey can be taken up in the rainy season and the work of educating the selected villages should be done in the cold weather, so that societies could be formed in the hot weather, as local deposits are easily collected in the months of December to March. This Organizer and the Honorary Assistant Organizers can also take the opportunity of visiting fairs and other places of assemblage and even can give lectures in the weekly bazars and important centres in the selected area. So far as I know, the Government Organizer appointed to work in 4 or 5 districts really does very little useful work or is incapable of doing any solid work by occasional visits. If one wants to have real work he is to make himself familiar to the people of the particular area to be exploited for the purpose, make friends with the villagers and create their confidence in himself. Work through official influence and pressure from the Mamlatdars is really no good and *bona fide* work in the proper direction is necessary. I therefore suggest that the matter should be taken up in the conference and a recommendation made to Government on some particular lines. I give below a draft resolution for consideration :—

“ This conference is of opinion that in addition to the work that is being done at present to educate the people in co-operation and to create rural societies generally, special Districts and special Talukas in them should be selected for this work and Government should be requested to appoint at least one Government Organizer for each such selected District, to make a survey of villages likely to have rural societies, to educate the people thereof, and to induce them to form them.”

5. As for educating the people in co-operative principles, I have one suggestion to make. It is admitted that example is better than precept and a highly developed model society will do much more in educating the people of the surrounding villages than what could be done by several lectures. But so far as I see about in my district, I find that though there are now about 125 societies, very few of them have as yet come to be models for other villages. In spite of our attempts to supply necessary funds to the societies through the Central Co-operative Bank and the Bombay Central Co-operative Bank, I see that we are seldom able to advance them loans for clearing the previous money-lender's debts in addition to their yearly agricultural requirements. I for one would like to see that out of these 125 societies about 5 should be taken every year and arrangements should be made to give them as much money as they require for their yearly wants and for liquidating the members' past debts. If we take up 5 societies to stand within different centres and educate the members thereof specially and give them ample money loans, I am sure that after a few years they will be able to show that the people can do without money-lenders and stand completely on their own legs. These, then, will be model societies showing the neighbouring villages the result of co-operative work.

M. C. KELKAR,

Director of Central Co-operative Bank, Jalgaon.

### (3) *Communal Societies.*

I recommend the establishment of communal societies in big villages where literate men are available to serve as Chairmen and Secretaries. In villages where there are factions each faction should have a separate society formed of the members thereof. This will enable them to work harmoniously among themselves and put a stop to favouritism which prevails in many places.

S. V. MENSINKAI,

Chairman, Karnatic Co-operative Central Bank, Dharwar.

### (4) *Formation or Division of Village Societies on Communal or Caste Basis.*

The recent tendency on the part of some co-operators in the Karnatic to encourage the starting of co-operative societies on communal or caste basis or the advocating of the division of existing ones on such basis has induced me to write this short note for the discussion of well-experienced co-operators assembled in this hall, with a view that their well-considered opinion may serve as a uniform basis for the guidance of all co-operators in the Presidency in the spreading of the co-operative movement on a permanent and well-defined footing. My impressions of an average Indian life are as follows :—

- (1) Agriculture is the main industry of the village people.
- (2) The village people are generally illiterate.

(3) The village accountant in particular and the village officers in general, a few money-lenders and a few shop-keepers are the only literate people in the more fortunate villages.

(4) The people are industrious, law-abiding and faithful.

(5) There is an undercurrent of feeling of mutual trust and co-operation amongst the members of all communities and professions inhabiting the villages.

(6) The village seems as if it was once a self-contained unit for the supply of all village wants, the village handicrafts supplying the village needs.

(7) The village castes, almost founded on professional basis, instead of interfering with the economic growth of the village people, tend to strengthen it.

(8) Most of the village industries are now a thing of the past owing to competition between village handicrafts and machine-made goods and therefore there are many people to be seen who have either left their hereditary employment or have become involved in debts or have their resources of income shortened and hence have become a source of trouble in the villages by creating factions and feuds which culminate into constant litigation in law courts. It is these litigious people that lead factions in villages.

(9) The few literate people whom we see in villages have received imperfect education and in many cases their little education is either misspent or misused in creating dissensions amongst the village folk for personal gains or aggrandisement.

(10) Caste or communal jealousies are recently rampant in some parts of the country and emanating as they usually do from towns, have been permeating into the minds of the intellectually undeveloped minds of the village people.

Under these circumstances, the question for all well-wishers of the country would be, whether to encourage caste or communal societies or to develop them on professional or other suitable basis.

The arguments in favour of communal or caste societies in villages, so far as I have learnt them, are as follows:—

(a) In a country like India, where most of the people are uneducated and carry caste prejudices, existence or creation of communal societies are justified.

(b) General awakening is springing up in all backward classes and these classes think that they can achieve nothing unless they co-operate and educate themselves.

(c) Higher class people have generally lip-sympathy towards their backward brethren and their attitude towards them is of a domineering character.

(d) Management of societies where all classes of people are mixed up falls in majority of cases in the hands of higher class people, who often ignore the principles of co-operation; consequently uneducated members remain uninitiated in co-operation.

(e) The division of a village society into the dominant caste in one, and all the other castes in the other, is not likely to breed caste hatred.

The conference will, I am sure, consider the force of these arguments for and against the formation of new societies or the division of existing ones on a communal or caste basis. But in doing so, I request my brother co-operators assembled in conference to consider that the movement is new to India and that it comes from the West, where fortunately for the West-erners they have one common religion, not divided into innumerable castes or sub-castes, and that we in India have been developing our movement amongst people divided by religions and castes among castes, and to aggravate our difficulties, amongst people divided by languages and distances. We have, therefore, to suit ourselves to the circumstances in which we have been placed and carry on our efforts true to our thoughts and ideas of real co-operation which we believe is destined to play an important part in the economic history of India's regeneration with our thoughts not towards the development of our movement for the present only but towards the great future of India as a whole. Viewed in this light, we should remember that co-operation suggests absence of any prejudices towards any individuals or community of individuals: that it suggests mutuality of interest, mutuality of help, and trust, and that further it means to bring together all these ideas in a body of individuals by combined action for the common economic gain.

In a word, co-operation suggests a feeling of unity and not of division. Caste or racial prejudices have no place to exist in our movement. Ours is a democratic movement and there is no place in our movement for one man's rule or the rule of one community. Ours is a movement where the voices of all could be effectively heard and where the wish of the majority could be carried out fully. It would, therefore, be suicidal in the long run to the movement itself to segregate one community from the other from the common village platform, as then we would be sowing seeds of dissensions where we ought to sow seeds of unity and harmony. In these days of an all-round progress and civilisation when we are all thinking of Indian Nationhood

based on common language and common civilisation, with the rigour of religious or caste differences at their melting point, the very idea of separating one caste or community from the common platform of co-operation will be revolting to one's ideas of the vast potentialities of the co-operative movement in India.

From the practical point of view of the present-day co-operators, the following difficulties will also come in the way of forming new societies or dividing the old ones on communal or caste basis in villages:—

- (a) The difficulty of getting efficient management in the communal or divided societies owing to lack of literate, reliable and competent people in villages.
- (b) Inter-caste factions and factions amongst different communities.
- (c) Lack of sufficient capital to maintain the divided societies.
- (d) The extreme poverty of certain communities and want of credit.
- (e) The universal illiteracy amongst certain communities.
- (f) The likelihood of the more backward communities being left to take care of themselves; if the predominant communities are allowed to have societies of their own.

With these thoughts in my mind, I tried to know the opinions of the leading gentlemen in the Southern Division with the result that I found that most of them substantially agreed with my views. The Rev. Canon C. S. Rivington of Gadag, who has nearly half a century's experience of Indian villages, said that there was quite enough division in India without the co-operative societies and that anything that tended to separate the people was to be deprecated. The Honourable Mr. P. A. Desai of Bijapur said that he was quite against the principle of communal basis and would not consent to the principle being introduced in any department of organised public work, for the obvious reason that it tended to accentuate differences already existing. Mr. S. V. Mensinkai, Chairman of the Karnatic Central Bank, thought that it was not expedient to divide the existing rural societies in small villages on communal basis. Rao Bahadur Kembhavi of Bijapur thought that when attempts were being made for the disappearance of social differences even in racial matters, it was highly prejudicial to perpetuate such feelings in public institutions like co-operative societies. Diwan Bahadur Yennemadi of Karwar thought that the system had the tendency to emphasize the disunion of the people of villages and towns into castes to widen the gulf between different castes and destroy sense of responsibility for the common good. Mr. Honapurmah, the Editor of *Chandrodaya* of Dharwar, and Rao Saheb Walvekar of Hubli emphasized the same opinion. Mr. R. S. Hiremath, District Deputy Collector at Bijapur, who has much experience of co-operative societies in Bijapur and Khandesh and who knows the village life well, said that it was always his experience that backward and uneducated persons get clever after their contact with more forward and educated persons. The former class of persons do assuredly form the majority in many agricultural communities. Petty communities will, in all probability, find it difficult to form their own independent societies, to create sufficient fund for the purpose of borrowing and to manage their affairs. He further considered that the division of societies on communal basis will act as a great hindrance in the way of progress of many, who are still to be guided and not left independent to mismanage their affairs. It is needless to say that I agree with the views of all the gentlemen mentioned above. I am against encouraging formation of societies or their division on communal basis in villages. Under the present state of Indian society in towns, I would not oppose such societies amongst members of a particular community, who by habits, custom and languages live a segregated life from the other communities. Such communities, for instance, would be the Mahomedans, the Native Christians and Roman Catholics, etc. Living in towns, they are generally sufficiently educated to manage their own affairs without detriment to the interests of others and without racial or caste prejudices. In case of division of existing societies, I would always be for division on professional or local basis. However, I leave the consideration of all these important questions for the consideration of the conference, as I believe that there should be a uniformity of policy amongst the co-operators throughout the Presidency in such matters which must be common in all parts.

R. G. NAIK,

Divisional Honorary Organiser,  
Co-operative Societies, S. D., Belgaum.

(5) *Suggestion about Supervision, Education and Propaganda.*

1. More instruction needed for societies. "The one thing, above all others, now most urgently needed evidently is inspection—frequent searching inspection—coupled with impressive methodical instructions, such as may be relied upon to leave a mark upon minds very much more than those printed hand-books 'NINE POINTS,' and so on which are now issued from headquarters, can impart." H. W. Wolff's 'Co-operation in India'. What a young society most

needs in its early stages is instruction. It is its life-breath. It needs to be initiated into the methods of doing work systematically and according to by-laws. The Secretary will have to be well posted in accounts and the Managing Committee members in the knowledge of by-laws and co-operative principles. If once a new society is established on sound lines, its future is assured. It will grow into a sound and healthy society. The seeds of a bad society are sown in a bad beginning. Many a society which otherwise held promise of a successful career has foundered owing to lack of knowledge in the art of management. The work of initiating societies into methods of doing work, being most important, what staff have we got to undertake it? None but Honorary Organisers. The actual work of training a committee is not very interesting and often trying and needs a halt of one or two nights and not a hurried visit. The Managing Committee meeting will have to be attended and the work got actually done, in order to show them the proper procedure. We cannot fairly expect honorary workers to go this length in their duties. Societies possessing facilities of communication receive sufficient instructions and they are as a rule trained up and grow into efficient institutions, unless there is something radically wrong with their material. But badly placed societies are almost starved of instruction. Few visit them, except the Auditor, once in a year, and that for a day. It is no wonder that bad and backward societies are those that are not well placed regarding communication. It is to train such societies that a paid agency is most needed, and I should suggest that a few Inspectors might be specially appointed for this work. Some conscientious Honorary Organisers are pressing me to get Inspectors appointed specially for this work, in order to give them a relief in their work of mending bad societies. The possible non-official agency that can replace this paid staff can be looked for in the development of Unions and Assistant Honorary Organisers. But both these agencies cannot be manufactured off-hand and societies that are once started cannot wait indefinitely for their instructions—their very life-breath. In view of the prospective development of non-official agencies to take up this work, the appointments of Special Inspectors might be limited temporarily for five years in the first instance. State aid for providing instruction is quite in consonance with co-operative principles and practice.

2. *Co-operative Development Committees.*—The co-operative movement in this Presidency, I believe, is more unofficial than in any other part of India, in the fact that almost all organization is done by non-officials. By this method the growth of the movement may be slow comparatively, but it will be sound. No new societies are started, unless there be genuine demand. This system of unofficial organization can further be extended by inaugurating Co-operative Development Committees. These committees should be formed only in advanced areas and their field of activity limited to a taluka at the most. Leading co-operators and other local public spirited men should be selected to the committee at a local conference or on some other occasion. The term of the committee shall be one year and it will have a Secretary and President. The committee shall meet at least twice in a year and promising villages in which societies can be started are selected and assigned to each member of the committee. His duty would be to advise the people of the villages allotted to him to start societies and assist them in all ways towards their formation. These men having local influence can easily persuade the people to start societies and thus pave the way for the official Honorary Organiser. As they have not to travel far or frequently, they can do the work by way of obliging their neighbours, without claiming any travelling allowance from Government. This is what is now actually happening in advanced districts such as Dharwar. More than 50 per cent. of fresh organization can be traced to such private efforts. What is wanted is to recognize them and give them a name and constitution. The idea of these committees was first broached in the Bijapur District Co-operative Conference and it was resolved that such committees might be given a trial. In pursuance of the resolution two committees were started—one for the Kalghatgi Taluka in the Dharwar District and the other for the Hungund Taluka of the Bijapur District. Both these committees have done excellent work and are together responsible for about 20 new societies in about three months' time. These committees succeed admirably well even with one or two enthusiastic spirits. The Honorary Organiser will usually act as Secretary or President of the committee and will be its driving force and guide. As the papers pass through him there can be no fears of faulty organization. The members of the Development Committee will feel it a moral obligation on their part to actively assist the Honorary Organiser in organizing societies in villages allotted to him. Thereby the work of the Honorary Organiser is rendered considerably easy. Instead of opposition he will meet with support from within. By giving these persons a name and constitution and a definite part to play, we shall create interest in the movement in a wider body of people than now. By thus enlisting local sympathy the organization of societies will be more rapid, and the only defect in our present system of non-official organization will be rectified. I look upon these committees as a half-way house between official Honorary Organisers and Popular Organisers. I have seen these committees at work and have been struck by their remarkable local-patriotism and enthusiasm. A band of workers, going from village to village carrying with them the gospel of co-operation for their neighbours, friends and relatives cannot but be imposing and inspiring, and as they march societies are formed in their wake. Of course the Honorary Organiser is there behind them to see that

there will be no mushroom growth. I think these committees should be recognized as an institution for propaganda work. The following definite proposals are made:—

- (1) A Co-operative Development Committee may be formed for an area not exceeding a mahal or taluka or a town of sufficient importance and size, only in advanced districts.
- (2) The committee shall be organized under the auspices of the Bombay Co-operative Central Institute.
- (3) Persons who have rendered conspicuous public service in any capacity and those that are connected with well-managed societies and any other persons that take an interest in the movement are eligible for serving in the committee.
- (4) The local Honorary Organiser or member of the Institute shall be either an *ex-officio* President or Secretary of the committee.
- (5) Officials of the rank of Mamlatdars and above may work on these committees.
- (6) At the beginning of the year the committee shall prepare a programme of work, allotting villages to each member.
- (7) It shall meet at least twice in a year at the requisition of the President to transact its business. At the final meeting, the committee shall take stock of work done and forward a report to the Institute for information and incorporation in its Annual Report.
- (8) The life of the committee shall be one year.
- (9) The services of all members of the committee shall be honorary. But any member of small means may be recommended by the President for exceptional good work to be reimbursed his travelling expenses by the Institute.
- (10) The activities of the committees shall, in the first instance, be confined only to starting Credit Societies. But as they get experienced the sphere of their work may be extended to other societies.
- (11) The committee shall not organize societies in Union areas, where the Union is responsible for all fresh organization.

The following are the draft rules of the Hungund Taluka Development Committee:—

- (1) The committee shall consist of not less than 12 or more than 15 members, of whom at least 9 shall be representatives of societies.
- (2) The term of the committee is one year, from November to October.
- (3) The committee shall have a President, Vice-President and Secretary.
- (4) It shall meet at least twice in a year, in the months of June and November.
- (5) In the November meeting villages in which the committee thinks that societies can be organized should be allotted to each member.
- (6) The work of organization shall be done from November to June, and in the June meeting the committee shall take stock of work done.
- (7) The Secretary shall maintain a full record of the proceedings of the meetings of the committee.
- (8) The appointment of office bearers shall be made in the November meeting.
- (9) A report of work done during the year shall be placed before the June meeting, and a copy of it, duly passed, shall be sent to the Registrar, for information.

The subject of inaugurating such Development Committees was discussed at a Conference of the Honorary Organisers of the Southern Division, and the scheme was unanimously approved of by them. It is in the embryo of these committees that we may hope to find Indian Raiffeisenes, Schulze Delitzschers and Luzzattis. It is through them that a body of co-operators having an independent opinion of its own, ensuring a continuity of policy in the direction of the movement, and furnishing the maximum enthusiasm and propelling force can be evolved. "That" (continuity of policy), in the words of Mr. H. W. Wolff, in his recent book 'Co-operation in India,' "makes it all the more desirable that voluntary workers should be enlisted in plenty." The best means to enlist and train such workers is, in my humble opinion, furnished by these Development Committees.

K. B. BHADRAPUR,  
Assistant Registrar,  
Co-operative Societies, S. D., Dharwar.

(6) *Co-operation in Educational Curriculum.*

1. The Director of Public Instruction, Bombay Presidency, be requested to be so good as to introduce one, two and three lessons on "Co-operation" in the third, fourth and fifth books, respectively, and three lessons in the seventh book, of each of the Vernacular Reading Series for primary schools.



2. The Matriculation Examination Board be requested to be so good as to get three lessons on "Co-operation" introduced in the sixth book of the English Series which they sanction for being taught in High Schools.

3. The University of Bombay be requested to be so good as to set apart for "Co-operation" one or more separate optional papers in the History and Economics group for M.A. students.

4. Efforts be made to collect money sufficient for two endowments in the University of Bombay—one for a prize to be annually given to the student who secures the highest number of marks in questions relating to "Co-operation" in the Indian Economics paper of the Honours B.A. course, and the other for a prize to be given to the student who secures the highest number of marks in questions or papers relating to "Co-operation" in the History and Economics group of the M.A. Examination.

5. Sub-Committees be appointed under Committee No. 5 of the Bombay Central Co-operative Institute, to arrange for the publication in English and Vernacular newspapers, periodicals, and series, of suitable independent or other articles and information, and to arrange for lectures on "Co-operation" under the auspices of Institutions that may be doing religious, social, economic, or political work.

*Reasons.*—The Co-operative movement has progressed satisfactorily in the past, and yet it is astonishing how few of the persons who have received English education—not to talk of others—know anything about co-operation. The fact is that "Co-operation" is usually considered to be more or less a technical subject and like all technical subjects, has not attracted general attention. Information has been, in the past, issued to the public in special leaflets or co-operative periodicals or manuals. These have been read, and are being read, mostly by those who have already interested themselves in the movement. If we want more men to know about, and as a result, to join the Co-operative movement, information, etc., should reach people through channels with which are already familiar.

*Objection.*—The proposal that children should pass through a course of co-operative training in schools has been a subject of strong controversy in the past.

*Answer.*—Nothing like a special training is proposed to be given to children in schools. Subjects for lessons in Reading Series are generally so selected as to enable the school children to acquire fair general knowledge. "Co-operation" is an important subject from every point of view, and it is but meet that it should be recognised as such by being made the subject of some lessons in certain books. School-children would not be particularly bothered by such lessons which are bound to be interesting if well-written, and in no case would the lessons be more difficult than lessons on Chemistry and Astronomy.

D. A. SHAH,

Auditor, Co-operative Societies, Bombay.

#### (7) *Co-operation Lessons in School Text-books.*

It is a matter of regret that although it is now nearly 15 years that the Co-operative movement has been made popular, no efforts so far have been made to educate the masses in the methods and principles of co-operation. The chief reason why the co-operative movement is not moving fast is due to the fact that the general mass of the people has not been initiated in the importance of the movement. We have only shown them one aspect of the movement—namely, that of borrowing at cheap rates. Besides this, there is also another aspect of the movement and that is to educate the people in the principles and methods of co-operation by prescribing some lessons about co-operation. It is now incumbent not only on the Registrar but upon the co-operators, to make the movement more popular and more attractive. We must see that education is introduced and that the study of co-operation is made compulsory. I have not much faith in having a Training Class for a week or so. Co-operative education does not begin and end with mere eight hours' instruction. The time has come when we should stir up and see real work done.

To do this we must have short lessons on co-operation inserted in Text-books or a separate course be introduced in the curriculum of studies. It would be quite sensible if short studies on co-operation are introduced in primary and secondary schools, but this cannot be done unless special facilities or grants-in-aid are given to schools which may take up this kind of studies.

HAIRAT F. M. DASTUR.

#### (8) *Election of the Members.*

Co-operative Societies should be represented in Municipalities and Local Boards, Legislative Council as follows:—

(a) The Co-operative Societies should authorise one of their members to elect a member from among them to represent their interests in the Taluka Local Boards. These elections should be made by correspondence, *i.e.*, by post.



(b) The members thus elected for the Talukas should again elect a member to represent them in the District Local Boards.

(c) As there are administrative divisions of the Presidency, the elected members of Co-operative Societies serving in the District Local Boards of the Districts which form a Division should elect a member from among themselves to represent the interest of the Co-operative movement as regards villages for the co-operative agriculturists in the Legislative Council.

(d) Similarly there should be representatives of societies in Municipalities and they, on their part in their own Division, should elect a member to represent the interest of the movement as regards cities and towns for the Co-operative non-agriculturists in the Legislative Council, or

(e) When Government nominates members to Taluka Local Boards, District Local Boards and Municipalities, the names of Honorary Organisers working for the Talukas or Districts may be included in the nomination lists as possible candidates for nomination.

V. B. KULKARNI,

Honorary Organiser,

Co-operative Societies, Kallol, District Belgaum.

(9) *Administrative.*

1. Honorary Organisers feel much difficulty in travelling without the aid of a helping hand for doing things which their position as such does not permit. It is the menial provided, who should attend him and be his guard for his safety and errand work on tour. A peon, if attached, removes the difficulty.

2. Honorary Organisers are semi-officials, and as such require the help of Government officers. Government officers from Head Karkuns and above can understand the position of Honorary Organisers. But village officers are too ignorant or else insolent to understand their position and therefore the help that is expected of them does not readily come. The Revenue officers might arrange well as to how the village officers should encourage the movement and help these working Honoraries for the movement. District Honorary Organisers expect the same respect given to them as is the discipline maintained by Revenue officers in relation to their village subordinates. Officers of the Co-operative Department also sometimes feel inconvenienced when village officers, through sheer neglect and ignorance, happen to evade them. But they have power to demand their presence as Government Officials, but such is not the case with honorary workers. The point should be brought to the notice of Collectors.

V. B. KULKARNI,

Honorary Organiser,

Co-operative Societies, Kallol, District Belgaum.

(10) *The Title and Travelling Allowance of Assistant Honorary Organisers.*

In my humble opinion the word "Assistant" should be omitted and the Assistant Honorary Organisers should be called "Honorary Organisers" only.

As for distinction there should be classes as 1st, 2nd, 3rd. An Assistant Honorary Organiser should write as "Honorary Organiser, 3rd class" as the Honorary Magistrates do. Because in no way the Assistant Honorary Organisers are under the Honorary Organisers. The Assistant Honorary Organisers carry out their work independently and keep correspondence direct with the Registrar and the Assistant Registrar. It is rather degrading to call them Assistants.

As for the Travelling Allowance paid to the Assistant Honorary Organisers it is quite insufficient. Taking all the circumstances and the increased rates of fodder and labour, etc., into consideration, the amount of Travelling Allowance should be raised to Rs. 3 per day, because the Assistant Honorary Organiser has to keep a cart or tonga and a servant.

In order to keep up his prestige he is compelled to live decently without which he cannot carry on his work which is always to be done among the villagers and illiterate people who generally look outwardly.

As regards the mileage paid to the Assistant Honorary Organisers, it should be 4 annas per mile and he should be paid 2nd Class double Railway fare, so that he can take his servant with him while travelling.

I am working as an Assistant Honorary Organiser for the last twelve months during which time I have spent more than what I got from the Government as Travelling Allowance and mileage.

I know fully well that an Assistant Honorary Organiser's post is not a post for making money. In my opinion, it is only a benevolent task which should be voluntarily done with a view to help one's own countrymen and improve their financial status.

Since the creation of this new grade of Assistant Honorary Organisers almost all the work is done by these Assistant Honorary Organisers. I, therefore, suggest that they may be paid both the Travelling Allowance and the mileage, so as to defray the actual expenses which they have to undergo in these hard days.

S. Y. SONTAKKE,  
Assistant Honorary Organiser,  
Co-operative Societies, Bodwad.

(11) *A Suggested Constitution for the Provincial Co-operative Conference.*

The objects of Provincial Conferences are twofold: to create interest among and enlist the sympathies of the general public, and to serve as a meeting place for co-operators and a centre for the discussion of matters of common interest.

It has been the practice hitherto in this Presidency for the Registrar of Co-operative Societies to convene the Provincial Conferences, to invite visitors, representatives of societies to frame the programme, to call for papers for discussion, to nominate committees, to take action on the decisions arrived at the Conferences and to publish printed reports of the proceedings. In return, Government bear all the charges incidental to the holding of the Conferences, including the payment of travelling charges to the delegates.

Conferences form a very important item in co-operative education and are at present the most important agencies for conducting propaganda. Propagandist work is best fostered under the auspices of non-official volunteer organizations, and central departments of Government are (beyond a limit and except for some pioneer efforts) unfitted to carry on such educational work. Nor is it any part of their functions. Therefore, both with the object of enlisting the active interest and enthusiasm of non-official co-operators in this item of propaganda and of relieving the Co-operative Department of a function which does not pertain to it—now that the initial stage of the movement has already been passed—it has been felt by several co-operators in the Presidency that the Provincial Conference should be placed on a more popular footing.

A brief reference may be made here to the practice obtaining in other parts of the country:—

*Bengal.*—At the Ninth Provincial Conference held at Calcutta in 1918, a Standing Conference Committee was formed, consisting of 15 members all elected at the Conference. The Committee would meet once every quarter and its main function would be advisory. It would develop the recommendations of the previous conference, suggest action on the resolutions, advise the Registrar in other matters of general interest, and arrange for the holding of the annual sessions of the Conference, and settle the subjects to be brought up for discussion at every session. The Registrar would, at the annual session, report on the work of the committee and the action taken on the previous year's resolutions. From the report of the Tenth Bengal Conference it is observed that the committee met twice last year, and has assisted in speedy action being taken with regard to many of the subjects discussed at the Ninth Conference.

*Madras.*—The Provincial Conferences, for the last four or five years, have been organized by the Madras Provincial Co-operative Union. (Previously, the Conferences were convened by the Triplicane Urban Stores which formed a Reception Committee every year, consisting of leading non-official co-operators.) Societies throughout the Presidency are asked to send delegates, each society electing, at a Special General Meeting, one delegate. Some of the larger societies and Central Banks elect more delegates than one. Individuals not connected with the movement are treated as guests, and do not generally participate actively in the deliberations. The Registrar and the Assistant Registrars, however, do take part in the deliberations, particularly when the policy of the department has to be explained. No voting power is exercised by individuals attending as guests. Votes are taken by a show of hands. The expenses are met by donations and delegation fees. Important societies contribute regularly, donations ranging in amount from Re. 1 to Rs 30. Donations are also received from individual members of societies. The delegation fee is fixed at Re. 1 and is paid by the society electing its representative. Delegates, however, attend at their own expense, though their boarding charges in Madras are borne by the Provincial Union.

The ideal is to turn conferences into representative assemblies consisting of co-operators alone, but at present the propagandist aspect of conferences cannot be wholly lost sight of. Nor can the aid of Government in conducting this form of education be wholly eschewed. The following suggestions for the future direction of the provincial co-operative conference in this presidency are framed bearing these standpoints in view.

*Convener.*—Future Conferences should be held under the auspices of the Bombay Central Co-operative Institute which is the central organization in this Presidency for conducting propaganda and for ascertaining and representing the views of co-operators on matters of common interest.

*Time and Place.*—The Conference should be held every year in Bombay in the cold season. If, however, that is not possible it should be held alternately in Bombay and Poona once every eighteen months in the cold season and monsoon, respectively, at the two places. Later, arrangements might be made to hold the Conference in different centres like Ahmedabad, Dharwar or Karachi.

*Standing Committee.*—The Board of Management of the Institute should appoint a sub-committee from among its own members for the purpose of making arrangements for the holding of the annual session of the Conference. It should also be the functions of this Committee—

- (a) to take action on the resolutions of the Conference;
- (b) to frame the programme for the annual sessions of the Conference, to nominate the President for each session, and to invite selected visitors;
- (c) to print papers received for discussion and the report of the proceedings of the Conferences held;
- (d) to form itself into a subjects committee for the previous deliberation of the subjects to be brought up for discussion at the Conference, and to draft suitable resolutions which serve as the basis of discussion for the annual session;
- (e) to frame its own budget and incur expenditure.

*Constitution of Committee.*—Though constituted as a sub-committee of the Institute, the Committee would act as a Standing Committee and should therefore be representative of all interests.

The following is suggested as the basis for nominations to the Committee :—

Vice-President of the Institute.	One member to represent	Provincial Bank.
Secretary of the Institute.	Do.	Central Bank.
Director of Agriculture.	Do.	Unions.
Registrar of Co-operative Societies.	Do.	Agricultural Credit Societies.
Director of Industries.	Do.	Non-credit Societies.
One Assistant Registrar.	Do.	Non-agricultural Credit Societies.
One additional Departmental Officer.	Do.	Non-Credit Societies.
One Divisional Organizer.	Do.	the educational life of the Presidency.
One additional Organizer.	Do.	the trade and commerce of the Presidency.

The Committee should meet at least once a quarter, and should elect its own Chairman, who would be the Chairman of the Reception Committee for the year. The committee should have power to frame sub-committees, including, if necessary, persons co-opted for the purpose to carry out the different duties assigned to it. The committee itself will constitute the Reception Committee.

*Conference Sittings.*—The sittings should be presided over by the person nominated for the purpose by the committee, whose decision will be formally confirmed at the commencement of the sittings.

Distinguished persons might, in addition, be invited to open the proceedings.

At the open session, deliberations should be regulated as under :—

- (1) The proceedings should be conducted in English and be open to the public.
- (2) Discussion of papers on subjects of general interest selected for the purpose by the committee.
- (3) Further consideration of the decisions arrived at by sub-committees appointed to consider subjects of special interest and of a technical character, to be classified as at the present Conference.
- (4) Voting will be by show of hands, all delegates being entitled to vote.

The Chairman of the sub-committees will be nominated by the Standing committee, and each committee will consist of not more than 15 to 20 members to be selected at the Conference.

**Delegates.**—Members of Co-operative Societies will all be eligible for election as delegates. The delegation fee will be Re. 1 payable in advance. This may be paid according to mutual arrangement either by the individuals attending or by the societies. Delegation should theoretically be confined to members of Co-operative Societies, but for some years members of the Co-operative Department, Honorary Organizers, the Directors of Agriculture and Industries, the Secretary to Government and Member of Council in charge of Co-operation might, if they have not been *elected* by any other body, be considered eligible for nomination as delegates by Government.

**Finances.**—The sources of income will be :—

- (1) Delegation fees.
- (2) Contributions from individuals and societies, both of which would cover delegation fees.
- (3) Special subventions from Government.
- (4) Grants allotted for the purpose by the Board of the Institute.

Expenses will include :—

- (1) Printing of papers, programme, hand-bills and reports of proceedings.
- (2) Hire of chairs, rent of halls, charges for lights, fans, etc., for the sittings of the Conference.
- (3) Travelling charges of delegates.
- (4) Boarding and Lodging charges of delegates or daily allowances.

With regard to the last two items, it might be understood that the Travelling Allowance bills of the officials and Honorary Organizers would be paid by Government. The committee should, on payment of reasonable charges fixed in advance, make arrangements for the boarding and lodging of delegates from Co-operative Institutions.

**Alternative Proposal.**—If it is contended that delegation should not be unrestricted lest the Conference becomes unwieldy, it is suggested that in the alternative the following basis should be accepted for election of delegates :—

- (1) The Provincial Bank and the Institute should have power to elect ten delegates each.
- (2) Each Central Bank should be permitted to elect two delegates and each Union one.
- (3) Primary agricultural societies should be empowered to send one representative for every 25 societies in a District and primary non-agricultural societies one for every ten societies in a District.
- (4) Delegates for primary societies should be elected by societies in a District at local Conferences. In the absence of a local Conference, delegates will be selected by the Standing Committee in consultation with local co-operators.
- (5) The number of officers and Organizers attending should be limited to about 25, for each class.

In brief, my suggestion is that in future the Provincial Co-operative Conference should be held under the auspices of the Bombay Central Co-operative Institute on the lines outlined in the paper.

N. M. JOSHI,

Member of Servants of India Society.

## APPENDIX VIII-A.

## Report of Sub-Committee No. 4.

SUBJECT.—*Supervision, Education and Propaganda.*

Chairman.—Dr. H. H. MANN.

## Members.

Honourable Dr. Sir Devi Prasad Sarbadhikari.	Mr. A. G. Tendulkar.
Professor P. Anstey.	„ M. R. Godbole.
Rao Bahadur Thakorram Kapilram.	„ K. B. Kulkarni.
Rao Bahadur M. C. Kelkar of Jalgaon.	„ R. D. Kulkarni.
Rao Bahadur R. G. Naik.	„ S. C. Godhi.
Rao Saheb V. B. Kulkarni.	„ V. N. Ghatt.
Rao Saheb G. V. Kalkote.	„ V. H. Dambal.
Dr. B. V. Raykar.	„ K. R. Kulkarni.
Mr. Azimkhan Inayattulla Khan, Assistant Registrar, Sind.	„ Narottamdas Tribhuwandas, Broach Society.
Mr. A. G. Kotwal.	„ D. S. Patel, Jamiatpur.
„ R. G. Gupte.	„ H. D. Godse, Special Mamlatdar, Kopergaon.
„ K. B. Bhadrapur, Assistant Registrar, S. D., Dharwar.	„ V. R. Gulwadi.
„ S. K. Wodier.	„ A. N. Pradhan of Phaltan.
„ S. M. Khan.	„ Puttaraj A. Wodiyar.
„ N. M. Joshi.	„ B. R. Joglekar.

The questions raised in the papers submitted to the Committee are eight in number and in these the following resolutions were adopted :—

1. *Appointment of Government paid Inspector.*—“ It is recommended that to guide and develop backward and scattered societies, more Inspectors should be appointed by Government. These positions should be temporary and should be discontinued as soon as unions are established.”

2. *Organisation of new societies.*—“ The Committee is of opinion that the organisation of further societies, so far at least as credit is concerned, should be left in the hands of non-official agency, and that in areas away from the large centres there are other and better methods of ensuring adequate work than the appointment of paid organisers. The appointment of more honorary workers is desired, especially in tracts away from large centres.”

3. *Development Committees.*—“ The Committee recommend to the Co-operative Central Institute that the establishment of the Co-operative Development Committees for Talukas or similar areas is desirable ; and that the rules suggested in Mr. Bhadrapur's paper are suitable as a basis for such committees.”

4. *Communal Societies.*—“ It is recommended that the Conference pass the following resolution :—

‘ That the Conference is of opinion that while no objection need necessarily be taken to communal or caste societies, it is very undesirable that such societies should be encouraged in ordinary villages. Only when other methods of sub-division of village societies fail should any attempt to create communal societies be permitted, and it is anticipated that only in very few cases will it be necessary to allow such communal or caste societies.’ ”

5. *Co-operation in the Educational Curriculum.*—“ The Committee recommend the following resolutions to the Conference :—

(a) The Director of Public Instruction be requested to introduce one, two and three lessons on ‘ Co-operation ’ in the 4th, 5th and 6th books respectively and three lessons also in the 7th book of the Vernacular reading series for primary schools.

(b) The Director of Public Instruction be requested to include lessons on ‘ Co-operation ’ in the curriculum of the Vernacular Training Colleges.

(c) The Joint Examination Board be requested to have lessons on co-operation in the books sanctioned for use in High Schools.

(d) Efforts should be made to collect money for two endowments in the University of Bombay, one for an annual prize to the student who secures the highest number of marks in the questions on co-operation in the Indian Economics of the Honours B. A. course and the other for a similar prize in the M. A. Examination in the History and Economics.”

6. *Representation of Co-operative Interests on Public Bodies.*—“The Committee do not consider that the question of the special representation of Co-operative interests should be again raised at the present time.”

7. *Matters relating to Assistant Honorary Organisers :—*

“(a) The Committee is of opinion that there is not at present sufficient reason for the appointment of peons to Honorary Organisers.

“(b) The Committee recommend that the term ‘Assistant’ should be dropped in the title of Honorary Organisers and that instead of this they should be classed as ‘Honorary Organisers’ simply.

“(c) The Committee recommend that in view of the very large increase in the cost of living the allowance of Assistant Honorary Organisers should be raised to Rs. 2 per day, and that the mileage should be raised to annas 3 per mile.”

8. *Organisation of Provincial Co-operative Conference.*—“The Committee recommend that the organisation of the Provincial Co-operative Conference may be handed over to the Bombay Co-operative Central Institute, and it should frame a scheme of representation and submit it to the next Conference. The next Conference should, however, be arranged by the Registrar, as hitherto.”

## APPENDIX IX.

**Agenda of Sub-Committee No. 5.**

**SUBJECT.—Legal and Semi-Legal Questions.**

*Enforcement of Awards and Decisions of the Registrar passed under Rules governing Arbitration.*

Recovery of loans, on the punctuality of which chiefly depends the soundness of the management of Co-operative Credit Societies, has been the subject of considerable anxiety both on the part of co-operators and the department. It took nearly a decade for the societies to be relieved from the painful necessity of litigating their claims in Courts of law, and the rules framed by the Local Government in connection with arbitration have provided them with a means for a free and speedy adjudication when disputes between the Managing Committee and members of societies could not be settled without outside help. Rule 35 of the present rules framed under Section 43 of the Co-operative Societies Act, 1912, however, leaves the awards of arbitrators and decisions of the Registrar given under the rules to be enforced in a Civil Court in the same manner as decrees of such Court.

It is not easy to understand why the societies should be left to the tender mercies of Civil Courts in the matter of execution of such awards and decisions. Their binding character as between parties to the dispute is not to be called in question and they are final and conclusive—Rule 34. The remedy is obviously the result of the desire of Government to keep the societies from expenses and ill-feeling which litigation in a Civil Court means. Probably the difficulty of presenting a more practicable solution of the problem is responsible for this ultimate reference of the matter to Civil Courts.

A Civil Court, however, is the last place to which primary societies should have to resort. The justice it dispenses is generally too refined for ordinary peasantry, and the persistent defaulter, who defies the Managing Committee and against whom out of helplessness the latter sought arbitration, would welcome a place that might give him further opportunities to defeat or delay satisfaction. Besides, the embarrassment caused to societies by a portion of their capital being locked up and the bad example that the situation on the whole affords ought to excite greater sympathy and consideration for the society.

The media through which execution may possibly be secured seem to be the following :—

I. Execution by the Collector of the awards and decisions as representing dues recoverable as arrears of land revenue on a reference made to him by the Registrar.

II. Execution by a Civil Court with certain modifications in the matter of procedure.

## I.

Government dues in respect of advances made to agriculturists for effecting permanent improvements and for purchasing seed or cattle or meeting their current agricultural needs are recoverable as arrears of land revenue; and, surely, there should be no objection to a society's dues of a like nature being allowed to be recovered in the same manner, if as a matter of precaution against abuse—if precaution were needed—the arbitrator or the Registrar should certify that the dues do share that character.

The late committee on co-operation have, however, expressed themselves strongly against countenancing such a special privilege in favour of societies mainly on the ground that the necessity for arbitration is chiefly the result of faulty constitution or mismanagement of societies. They condemn the use in this connection of outside agency also on the ground that it may degenerate societies into greater carelessness in the selection of members and the grant of loans. It will be pointed out that although Co-operative Societies are public bodies or bodies corporate—Section 18 of the Act—it is too much to expect such a large privilege in favour of men who profess to build their economic fabric on the character of their constituents and whose watchword is persuasion and not coercion; and it may be also urged that we are not many years in watching the progress of the remedy newly opened out to us and that we can afford to wait a few years more.

With all this volume of opinion against the remedy being made available to Co-operative Societies, the urgency of the situation would seem to require us to consider whether a case cannot be made out such as many induce the Government to reconsider the point and accord to societies a concession which, so far at least as the agriculturists are concerned, is not of a revolutionary character.

Decrees to be enforced by sale of immoveable property belonging to agriculturists are already being executed through the Collector, although there is a slight difference in the treatments of the decrees based on their nature and the districts in which they are to be executed.

Notifications are issued by the Bombay Government in virtue of authority given to it by Section 68 of the Civil Procedure Code, 1908, and quoted in paragraph 91 of the High Court Civil Circulars, 1912. Decrees sought to be executed against the moveable property of such judgment-debtors are being executed by the Civil Courts themselves.

Awards given under the rules relating to arbitration relate, most of them, to payment of money and are very simple. Their execution should, in the nature of things, take the form of a ministerial affair and it appears rather anomalous that the function of execution of an award—which is the result of a special adjudication of a conclusive nature—should be clothed with a greater sanctity than what surrounded the award itself. On the one hand, there is a defaulter who assumes a defiant, unco-operative attitude towards a committee which after having served him with means of livelihood and substantiated its claim, is seeking to enforce it with a view to unlock its money and save the other members from an economic embarrassment; on the other hand, we have a Civil Court whose motto is “no relief unless it is sought with skilful diligence” and the ways of which are far too judicial for an agricultural co-operative society. One cannot avoid the conclusion that the delay, trouble and expense caused to the society may sicken honorary members and rigidity and doubt may take the place of sound discrimination and beneficent judgment.

Committee members are bound to see to the proper application of the monies they loan out to members and a rigorous enforcement of rules in this behalf may gradually bring the societies nearer in the way of justifying the help needed for encouraging them in their work. Indeed, it is not too much to say that if societies follow their rules scrupulously, their loans for the purposes for which tagai loans are advanced have a better chance of relieving distress and bringing about agricultural improvements. A supervision by Committee members is certainly far more effective than that from the seat of Taluka headquarters.

Inasmuch as members of societies of unlimited liability are honorary and it is the interest of such societies to be able to attract local capital at comparatively cheaper rates, the concession needed should be extended to such societies only.

Coming to the practical aspect of the question, it may be pointed out that the policy of the Land Revenue Code seems to be that the state which primarily owns and contributes out of public funds to the improvements and cultivation of the lands ought to be able to recover the rates and such funds speedily and effectively. But the Code also provides a summary and effective procedure in favour of holders of privately owned lands for recovery of rent from tenants or inferior holders—Sections 86 to 88 of the Code. It should not be difficult to throw open a similar but more liberal procedure to co-operative societies.

In executing a decree transferred to the Collector under Section 69 of the Civil Procedure Code, 1908, he and his subordinates are deemed to be acting judicially (Section 71, *ibid*); and if in the course of execution the Collector thinks that a point of law arises which ought to be referred for decision to a Civil Court, he may draw up a statement of the case and refer it to the Civil Courts having local jurisdiction—*cf.* paragraph 4 of the Third Schedule of the Code. His orders should be appealable as laid down in Section 203 of the Land Revenue Code.

The rules authorized to be framed under clause (l) of Section 43 of the Co-operative Societies Act, 1912, for the enforcement of decisions and awards are not meant necessarily to restrict it to Civil Courts, and, if the proposal comes to be accepted, no change in the Act will be necessary.

A small set of rules in this connection would seem to be required to be framed by the Local Government.

Awards and decisions based on claims which arise out of loans for purposes other than those connected with agriculture may, if necessary, be left to be enforced by Civil Courts. They should, however, be very few.

The policy of law is that it is the person interested in an award who should seek to enforce it, and the Registrar may not *suo motu* refer the awards and his decisions for execution to the Collector. As an administrative measure, too, the Collector or his subordinates may not be called upon to execute such awards and decisions unless they are referred to the Collector by a competent and responsible authority. As all the arbitration papers ultimately go to him, it should be easy for the Registrar on an application made to him to refer the awards and decisions to the Collector with a certificate of non-satisfaction or part-satisfaction and other necessary papers. The procedure would, no doubt, entail some trouble and additional expenditure, but it is likely to be more convenient in spite of the fact that the Registrar is rather distantly situated from the scene of execution and that the affair would seem to be against the principle of decentralization of responsibility.

## II.

If the recommendations made in sub-paragraph I above are deemed unacceptable, we have to fall back upon a Civil Court, suggesting such modifications as in our opinion may simplify the matter. We shall see where the shoe pinches.



The difficulties may be summarized as follows :—

- (1) The periods between the several steps a Civil Court takes in course of execution are too long with the result that execution is unduly delayed and hampered ;
- (2) The member appointed to represent the committee in Court has to spend much time in being present either personally or through pleader at each and every step ;
- (3) Darkhasts in Civil Courts are struck off rather too loosely and indifferently ;
- (4) Services of processes are a matter of great difficulty and some of the committee members have to be absent from their usual avocations to secure them ;
- (5) Execution proceedings in Civil Courts are too expensive for the societies ; and
- (6) So far as execution against immoveable property is concerned, the conditions governing transfer of decrees to the Collector as laid down in Government Notifications issued under Section 68 of the Civil Procedure Code, 1908, are unnecessarily restrictive and place societies in some districts at a disadvantage.

To remedy these hardships and difficulties, the following suggestions are offered.

Proceedings in Civil Courts are governed by the provisions of the Civil Procedure Code and Rules framed by the Supreme and Local Governments under authority given them by a few of them. They are also guided and controlled by the High Courts.

Difficulties noted in paragraphs (1), (2) and (3) above can be remedied by seeking the help of the High Court, and the rest, that of the High Court and the Local and Supreme Governments.

The High Court may be moved to direct by Circular orders in their Civil Circulars that—

- (1) Awards and decisions sought to be enforced by Co-operative Societies should receive diligent and sympathetic attention from the Court as desired in paragraph 2 of Chapter II of the High Court Civil Circulars with reference to execution generally.
- (2) Personal attendance of the decree-holder should be dispensed with as far as possible and execution in such cases should be carried on by the Courts, as far as may be, as an administrative measure "through its agents" as contemplated in the paragraph above quoted.
- (3) Darkhasts in such cases should not as a rule be struck off till the awards and decisions are fully satisfied, the applicants being advised, whenever necessary, as to the steps they ought to take from time to time for the prosecution of the Darkhasts.
- (4) Co-operative Societies should be exempted from payment of process fees ; processes issued by the Collector or his subordinates in course of execution of decrees transferred to the Collector are issued under Section 191 of the Land Revenue Code, 1879, and parties are not required to pay for them. It is not too much for the same concession being extended to agricultural societies, and indirectly to indebted cultivators, who are members of societies, in view of the difficulty of Civil Courts being authorized to issue processes under the Land Revenue Code.
- (5) All applications other than the first application for execution should be exempted from stamp duty. [Recommendations Nos. (4) and (5) would require an approach to the Local Government and the Governor General in Council.]
- (6) The Local Government should be moved to rule under Section 68 of the Civil Procedure Code, 1908, that execution of awards and decisions sought by Co-operative Societies by sale of immoveable property belonging to an agriculturist be transferred to the Collector for execution without reference to the district in which the property is situated and the nature of the decree sought to be executed.

The distinction in point is no longer necessary in view of Bombay Act I of 1912, Section 1, excepting the application of the provisions, other than Sections 1 and 21 of the Deccan Agriculturists' Relief Act, 1879, to any matter to or in which a Co-operative Society is a party and thus rendering immoveable property of an agriculturist liable for a money claim whether specifically secured by a mortgage of such property or not.

M. R. TARKUNDE,

Chairman,

Co-operative Credit Society,

Saswad, No. 1.

*Certificate.*

According to Rule No. 34 of the Bombay Co-operative Societies Rules, 1919, the decisions and awards of the arbitrators can be executed in any Civil Court having local jurisdiction. But it is found that the Courts other than the local Courts demand the production of a certificate from the latter in cases where applications for execution are made to the former. The Local Courts, however, keep no records of the awards and decisions in question and therefore such a certificate seems to be unnecessary. The contention arises on account of the occurrence of the word "local" in the said rule. I therefore suggest that the word "local" be deleted from Rule No. 34 so that all the Courts may be in a position to execute the decrees: provided the judgment-debtor resides within the jurisdiction of such Courts. This difficulty is experienced when the debtor shifts his residence from the jurisdiction of one Court to that of another.

S. N. KESHWAIN,

Chairman,

Sirsi Urban Co-operative Credit Society, Limited.

## APPENDIX IX-A.

## Report of Sub-Committee No. 5.

SUBJECT.—*Legal and Semi-Legal Questions.*

The following were the members of the Sub-Committee :—

*Chairman.*—Mr. R. M. SANE, Pleader, Barsi.

Mr. L. B. Bhopatkar, Pleader, Poona	Mr. R. W. Patwardhan, Special Mamlatdar, Co-operative Societies, Baramati
„ S. S. Mangsoli, Pleader, Athani	„ G. K. Mate, Pleader, Poona
„ M. R. Tarkunde, Pleader, Poona	„ R. B. Rajhansa, Assistant Honorary Organiser, Rahuri.
„ G. P. Mardheshwar, High Court Pleader, Bombay	„ R. P. Karandikar, Pleader, Satara
„ D. B. Nadkarni, Pleader, Karwar	„ M. S. Jedhe
„ Sambhaji Malharji Patil of Peth	

All members of the Sub-Committee were present except Nos. 11 and 12.

It was unanimously resolved that the following suggestions may be adopted by the Conference.

The enforcement of awards by arbitrators and decisions by the Registrar passed and given under the arbitration rules may be secured by having recourse to Civil Courts only. We suggest that such awards and decisions should not be sent for execution to the Collector, and therefore Government Notifications marginally noted and set out on page 106, High Court Civil Circulars, 1912, should no longer be applicable to such awards and decisions.

3600 of 1880  
762 of 1892  
8039 of 1900  
5248 of 1907

The High Court may be moved to direct by Circular Orders in their Civil Circulars that—

(1) Awards and decisions sought to be enforced by Co-operative Societies should receive more prompt and sympathetic attention from the Courts executing them than in the ordinary cases.

(2) Personal attendance of the Decree-holder Society should be dispensed with as far as possible in the course of execution.

(3) Applications for execution of such awards and decisions should not as a rule be struck off till they are fully satisfied. The applicant societies should be advised whenever necessary as to the steps they ought to take from time to time and for the prosecution of Darkhast.

(4) Government may be requested kindly to exempt Co-operative societies from payment of process fees in execution of Darkhasts.

## APPENDIX X.

## Agenda of Sub-Committee No. 6.

SUBJECT.—*Suggestions about Purchase and Sale, and Non-Credit Societies generally.*

(1) *Co-operative Wholesale Society.*

I beg to suggest that—

“In order to facilitate the working of co-operative purchase and sale societies, the establishment of a co-operative wholesale society is desirable.”

*Management.*—The management of non-credit societies is more difficult than that of credit societies. It requires technical knowledge in commercial matters and the secretary should not only be an honest and conscientious worker but a clearheaded accountant and hardworking. It is not absolutely necessary that he should be a local man and so there must be an institution which should supply the trained staff in the mofussil; a wholesale society can supply this want.

*Purchase.*—The real difficulty to be faced by the consumer's stores is that they do not know whence to purchase, how much to purchase and how to purchase; it is impossible for the committee people of the stores to study these questions and be up to date with the fluctuations in the market; even if this is made possible, the requirements of all the stores would be very much larger and if orders are placed by one agency, co-operators are likely to get better terms. A wholesale society can serve the purpose of such a central agency.

*Sale.*—It is difficult to conduct successfully scattered sale societies in different places because the local merchants will try to bring obstacles and would refuse to come to buy under such circumstances the position becomes worse and the business is to be stopped or terms unfavourable to members have to be offered to merchants. A wholesale society will obviate the difficulty as it will be in touch with wholesale dealers at various places.

*Centralisation.*—It will be economical to manage both the branches of non-credit business by one agency because it can purchase at reasonable rates from producers and can sell directly to consumers. A wholesale society can easily bring the producers and the consumers into direct touch with each other.

*Supervision.*—Proposals are submitted to the Government that the Government should have less control over non-credit societies; to a certain extent this withdrawal of Government control is justified, but if these societies remain uncontrolled, there is serious risk to the whole movement; a wholesale society can very well undertake this responsibility.

RAMNIKRAI N. MEHTA,

A member, Lalubhai Samaldas Credit Society, Limited,

Bombay.

(2) *A Note on Wholesale Purchase for Co-operative Societies.*

*Introduction.*—1. The topic of the day is the enormous rise in the prices of foodstuffs and other necessaries of life. A keen demand is springing up both in towns and rural areas for co-operative purchase of articles. It is the interest of every society that it should be able to provide its members with cheap and high quality of goods and to give them what they need most urgently and that which makes a call upon their attention every day and will give them some benefit.

2. This can only be done by collective maintenance of wholesale supply societies. It would take a long time before wholesale purchase societies with branches all over the Presidency with primary store societies affiliated to it are established.

3. According to Mr. Calvert, Register of Co-operative Societies, Punjab, “when the public buys food it is paying the middleman as much to supply it as it is paying the cultivator to produce it.”

4. Purchases on a large scale requires specialised skill, extensive information and wide knowledge. In order to help primary societies to arrange wholesale purchase a Central Information Bureau should be organized. The Information Bureau and the wholesale society may be kept quite distinct. The latter must be run strictly on business lines, while the work of the former may be undertaken by the Co-operative Department and Central Co-operative Institute, as a part of their propagandist work. I propose to confine my remarks in this note to the work to be undertaken by the Bureau and the way in which the purchases can be made through it by the primary credit and store societies and supply unions.

5. *Supply for Primary Societies.*—In the initial stages in the small rural societies supply may very well be combined with the practice of credit. Both will thrive the better for the union. On a small scale there can be no danger in combination provided that the accounts are

kept distinct. The coupling of distributive business with credit will attract larger number of members and more particularly members of the most useful sort who do not join in order to borrow but come into the society with fairly substantial means, and accordingly provide broader support for credit. Above this stage purchase and credit may be kept quite distinct.

6. The credit society, when it undertakes supply, should act simply as a 'Letter Box' collecting orders, bulking them for transmission to the wholesale dealer, obtaining the supplies from him and distributing to the members and levying on the transaction a small toll to pay its own expenses. In the initial stages the supply must be distinctly adapted to the demand. The primary societies cannot afford to incur any risk. If supply societies confine themselves to this practice only it will not be necessary to have any godown or any paid staff. As the societies' business increases it will be quite impossible to adhere to this rule. In the beginning to avoid any risk of loss on account of fluctuations in prices and other reasons and to ensure that the goods ordered will be purchased by the members when received, at least 20 per cent. of the estimated sale-price should be recovered from the members ordering the goods in advance. All sales should be for cash only and no credit under any circumstances be allowed.

7. *Organization of Supply Unions.*—As the work develops, supply unions may be organized at convenient centres. The credit and store societies may be advised to take up shares of these unions. The value of each share may be Rs. 25 or Rs. 50 and the full amount should be collected at once. The liability may be three to four times the paid up share capital.

8. The union should obtain indents for the articles from the societies, consolidate these and forward them to the committee of the Information Bureau who would arrange to make purchases from the cheapest market. The current prices of the articles indented at the union head-quarters may also be communicated to the Committee. The union may buy in convenient quantities each time.

9. The committee will ask the commission agent or wholesale supplier to send the railway receipt and the invoice to the Central Bank who would make payment directly the railway receipt is received and will then forward the receipt to the union. The union should remit the money to the Central Bank as the goods are distributed to the member societies and the members. The union societies may charge a small profit on all its transactions. A portion of this may be carried to the reserve fund and the balance divided among the member societies to meet current expenses in proportion to the purchases made by each. Rebates may be allowed by the societies to their members in proportion to the purchases made by them. To ensure service worth having it must be paid for and unless the secretary of the union and the societies are paid it would not be possible to get the best work out of them. The success in the matter of wholesale purchases will depend upon loyal memberships, businesslike organization and businesslike management.

10. In the initial stages when purchases are made through the unions and supply societies, the cost of the articles, the incidental expenses, the railway freight, the deficit and waste in transit on each consignment, the cost from the railway station to the union office and thence to the societies' office should be carefully calculated before it is distributed to the members, and retail prices fixed after taking all this into consideration. The margin of profit will vary for different articles and the sale price may be fixed by the union committee each time. The members and the societies will be bound to accept the article at the prices fixed after it has once indented through the union.

11. *Organization of Wholesale Societies.*—As the work develops at each district town or central places of importance, a central supply union may be established, which may be placed in direct contact with the wholesale commission agents and producers. These central societies may stock articles and purchase goods in advance on their own account or as branches of wholesale supply societies. When this stage in the development of wholesale purchases is reached, the societies may be able to make their own arrangements for making purchases. Till then the Co-operative Department and the Central Institute must act as a Central Information Bureau and a connecting link between the wholesale dealers and the retail consumers and arrange to make purchases. The information supplied to the co-operative societies must be accurate and quick, otherwise owing to constant and sudden fluctuations in the prices the members of the co-operative societies may lose by wholesale purchase.

12. *Functions of Information Bureau.*—For this purpose the committee of the Information Bureau should be in thorough touch with all the market places and should enquire about the practices and market conditions of various places, and should have in its office all the information regarding actual cost, other incidental expenses of making purchases, and also the railway freight from the market place to the various central railway stations in the Presidency. So that the cheapest market for making purchases can be very easily ascertained. The weights and measures at the various places, the usual deficit and waste in transit should also be ascertained. It should also find out reliable commission agents and firms who would undertake supply of the articles to the societies on their advice and also arrange to have agents (ਅਧਿਕਾਰੀ) at various railway stations in the Presidency who will take delivery immediately as the goods

are received, and forward these in the interior to the society's village. In order to keep the societies in touch with the Information Bureau it might issue a fortnightly bulletin of prices and hints and other information which might help the societies in making wholesale purchases.

13. Occasionally there is loss and unusual delay in transit. The primary societies are unable to afford time, trouble and expense in presenting a claim for such damage against Railway Company. The committee of the Information Bureau can do it with ease and success for them.

14. Till the restrictions on the import of foodstuffs are removed and normal conditions of railway facilities for transport of goods are restored, articles cannot be imported without priority certificates. As the co-operative societies have to import the articles for their members and are not meant for profiteering, special facilities may fairly be claimed for these institutions, and the Director of Civil Supplies should be requested to issue priority certificates direct on the recommendation of the committee of the Information Bureau or an officer of the Co-operative Department who may be arranging for the wholesale supply.

15. The Committee on Co-operation in paragraph 8 of their report lay down that it is scarcely less important that a strong and competent staff should be available for the supervision of such societies and for dealing with the complicated economic problems involved. The Central Co-operative Institute and the Co-operative Department should provide this. If the primary societies are left to themselves to provide this, the progress will be very slow, but with this initial help the co-operative supply will prove eminently successful.

G. H. DESAI,

Auditor, Co-operative Societies, N. D.

### (3) *Help to Co-operative Stores.*

It is no doubt an admitted fact that such types of societies are the most complicated and troublesome to manage, and so it requires efficient management and closer supervision especially as the members are often required to be guided for some time. The activities started by the Department in this direction are new though the results gained so far are encouraging. This type of work requires closer supervision and study, business tact, hard work and prompt action. Therefore much cannot be expected by entrusting this piece of work to Honorary Organisers for the present. It is therefore necessary that the work must be entrusted to paid-officers. The jurisdiction assigned must be as small as possible in order that he may have closer supervision. The stores must deal only in a few main articles in the beginning and sell them for cash only. It is also necessary to restrict the organisation of stores in the beginning at prominent places such as cities, district and taluka headquarters, etc., where there are educated persons who can guide them better. Besides, indent system and cash payment could be efficiently insisted upon. It is also necessary to push on the work of sale societies side by side in order that the store societies might be put in direct communication with sale societies for purchasing the necessary articles. This will greatly help to purchase first-hand articles direct without the help of a middlemen. As the members will gain experience of the work, it may purchase and store many articles.

At present there are only four Agricultural Organisers for the whole Presidency who are in charge of non-credit agricultural societies and the jurisdiction assigned to each makes it impossible to carry on the propaganda more efficiently and rapidly. It is therefore necessary that some more posts should be created.

The following concessions will also be necessary for such type of societies :—

(1) The sympathy of the railway company will be the main factor for the development of such societies especially during the infant stage of the movement and so the Board will have to grant the following concessions :—

- (a) Prior claim for getting waggons when required by the society.
- (b) Small reduction in railway freight, if possible, by way of some special concession and as an encouragement to such societies.
- (c) Kind treatment by station masters to the committee members when they approach them for societies' work.

(2) Grant of Government loan upto Rs., 2,000 as in the case of weavers' and dairy societies as such type of societies cannot expect to get more substantial help from the Central Banks due to being organised on limited liability.

(3) Payment of half the remuneration by Government for two years of the salesman to be appointed by the society (as in the case of Special Mamlatdars) as such societies will not be in a position to maintain an able salesman, knowing business upon whose activity the success of the society will mainly depend.

(4) The sympathy of the Revenue Officers will be more needed in bringing good understanding between merchants and such societies, by the personal influence.

(5) In the case of cattle insurance societies, contributions by Government in the beginning up to half the premium amount collected by the society will be necessary. This will be essential in order that the societies might not be bankrupt in case the death rate of cattle is more. But this danger will decrease as the society grows old. This concession will encourage the formation of such societies.

**R. B. PALEKAR,**  
Agricultural Organiser,  
Co-operative Societies, Poona.

(4) *Suggestions about Stores.*

1. The formation of co-operative stores should be directed to cities and urban areas. Coastal districts much suited. Store societies should be the last thing that village societies should take up.

2. Non-credit business in relation to agricultural co-operation should take their turn of being established at places where co-operative credit societies have taken a firm root. Centres might be formed from which to spread agricultural co-operation. Government Farms and Agricultural Associations will be the best agencies. District Co-operative Institutes will do propagandist work. Later on when co-operation in agriculture is sufficiently established private agencies like the Agency of Mr. A. B. Modak will be able to work on them.

*Reasons.*—The formation of co-operative stores has since a long time engaged the attention of anxious co-operators. Stores took birth and ended as short-lived. The causes of failure are well known. The great defect is that there is complete lack of interest which the promoters of co-operative stores ought to take. Many accept managerships to serve their own ends or else to look after number one. Since workers in this field of co-operation are rarely found to undertake the responsibilities involved in the conduct of store affairs, all progress is at a standstill. Co-operative stores, small or big, require a vigilant watch so that on the sales that occur there should be no behind-door stealth. That only two men (a salesman and a cashier or else an accountant) should be loaded with responsibility of management and others should sit silent under the impression that their duties are confined to the signing of proceedings only, is a faulty procedure and much behind the times. Possibilities there are for the successful working of co-operative stores. Big cities like Bombay and towns which are proud for having established well advanced co-operation, should give the lead to this form of co-operation also. Irrespective of cities and towns there are certain places where co-operative stores could well thrive. The coastal districts of Kanara and Ratnagiri are well suited to accept this form of co-operation. Those districts are always in want of supplies or else the necessaries of life. From economical point of view they are certainly poor districts. The poverty of the people is so pinching that for the sake of earning their livelihood a hoard of people fly to Bombay or to places where they can find employment for a bare subsistence. Many remain behind to take care of their small holdings, livestock and children. The districts referred to are not quite well fed with supplies from up-ghat districts. And what is imported has become ghastly scarce, because the richest few monopolise the business of importers and the distribution of imported articles or, say, necessaries of life through them means a dear bargain. So, the people need have co-operative stores with agencies given them either in Bombay or suitable centres of trade. The intelligence of the people of coastal districts is par excellence and it is learnt that what is suited to them is never left unavailed of. Village societies also need be encouraged to start co-operative stores. Villagers in the up-ghat districts inherit the wrong idea that it is not their business to open stores because Marwadis are there in their villages to supply them what they want. But few have realized how gravely their transactions with the Marwadis have sapped their resources and consequently made them pale in their economic life. The co-operative societies firmly established have now come to their rescue. The idea is dawning upon the minds of some good co-operators that they should have village co-operative stores to drive off the local shylock. Through the help of societies agriculturists are now realizing where they lost and are losing their money. Small beginnings may be made at villages, but with caution, before this form of co-operation is sufficiently deep rooted.

2. No credit business other than the store business comes under the category of co-operation in agriculture. Co-operation in agriculture has its different branches, viz., cattle breeding, cattle insurance, seed distribution, implement supply, cane crushing and hiring, rice hulling and polishing societies. These forms of co-operation in agriculture have been attempted by expert workers. Official Agricultural Organisers have been entertained, but none can claim, I fear, to have achieved a sure progress. Co-operation in agriculture is easy to adopt but difficult to be engineered. The present staff of Agricultural Organisers is quite inadequate, it seems. There ought to be a large number of them added to the staff of Assistant Registrars. Official agency of the kind described must continue for some time to do the work of agricultural organisation. One point they may bear in mind is that they should concentrate their efforts to form non-credit societies at only such villages as possess well managed and much reputed societies. They are the training grounds for any form of co-operation, I am sure. If at all organisers

wish to hit upon places other than co-operative societies where they think they will succeed, they might do so. Government Farms would be indicated as suitable centres to do any demonstrative work for them. The aid of Agricultural Department should be called here. Government Farms can do much in the way of supplying best seed or demonstrating the use of the best sort of agricultural implements. Agricultural Associations, where they are in existence, should be called to the aid of our organisers for advising people to adopt non-credit business. District Central Co-operative Institutes, when they are started, will take the lead to advise all helpers to the cause of the Department with all sorts of co-operative literature. Paucity of Government Farms has been a deterrent to the spread of this form of co-operation. Government may be moved to increase the number of Government Farms and stimulate people through the Agricultural Department to form Agricultural Associations where they are not. Ultimately, I beg to think, co-operation in agriculture should be guided by the people themselves. Agencies like that of Mr. A. B. Modak of Bombay will undertake voluntary supervision over non-credit business. Not only that,—they might as business-men give their scientific advice such as the Agricultural Department gives now.

L. G. GOKHALE,

Assistant Auditor,  
Co-operative Societies, Belgaum.

(5) *Supply of Competent Clerks.*

1. The clerks which we as private and non-official men employ do not realise their responsibility and an attempt to check their irregularities results in their resignation and so hampers our work now and then. This difficulty may be easily met with, if we can secure Government hands as in the case of municipalities and local boards. Such clerks whose future prospects in their Department depend much on the recommendations of the managers of the institution where their services have been lent will enthusiastically and honestly look to their work entrusted to them.

2. The municipalities should be asked to lend all possible help to the institution in the form of substantial grant and persons to supervise the milking operations of the *gavalis*, our regular staff not being sufficient to do the work.

3. The last but not the least is the penalization of the adulteration of milk with water. This practice which is very common with the *gavalis* is indulged in at the slightest slack of supervision. We cannot expect morals from them in their present moral and material condition. This weapon, I am sure, will be no hardship upon the *gavalis*, taking into consideration the numerous advantages and concessions which they receive as members of the society at the hands of the Government and the society.

S. D. JATHAR,

Chairman,  
Co-operative Dairy Society, Bagalkot,  
District Bijapur.

(6) *Co-operative Dairies.*

Co-operation has not been successful in dairies as much as it has been in other branches. We cannot therefore blame co-operation as unsuitable to dairies since the existing system of starting them is entirely defective and conducive of least benefit to the party in whose interest they are started. I state below, in brief, the existing system of starting dairies and side by side suggest a new system for consideration. Remarks and further explanation I reserve till I meet the sub-committee in September.

*Existing system.*

*Members.*—*Gaolis*: who are mostly sunk in debts and have been keeping accounts with such people who supply them their necessaries, no matter at what rates and prices.

*Funds.*—Utilized in advancing loans to the *gaolis* which are recoverable by monthly instalments.

*Supply and Demand.*—The *gaolis* supply the milk (not all their produce but merely a part of it) at a certain rate and are paid for in cash after forty days. The society sells the milk to approved customers at a rate that gives a reasonable profit and is paid for in the first week of the next month.

*New system.*

*Members.*—*Gaolis*.

*Funds; supply and demand.*—The *gaolis* should supply all their milk to the society at a certain rate. The funds to be utilized in paying them in cash every day. Loans may be granted sparingly.

The society shall supply the milk on credit to approved customers at a rate that would give a reasonable profit. The customers shall pay for the milk as at present, in the first week of the next month.

The *gaoli* shall pay (compulsorily) as deposit one anna for every rupee he receives for the supply of milk to the society.



*Existing system.*

After recovering the price of the milk from the customers in the next month the society pays the *gaolis* and deducts the instalments of the loans.

*Note.*—When a loan is paid in lump to a *gaoli* who is sunk in debts it is utilized in paying the usurious sowkars rather than maintaining himself and his animals for forty days—a period during which he supplies the milk to the society on credit. He maintains himself during the said forty days by purchasing on credit all his necessaries at a rate and price and on conditions that are most suitable to his different suppliers.

Can we say if the society, under the system described above, be expected to do any good to the *gaolis*? I think it rather harms him.

*New system.*

The society shall maintain a separator.

*Note.*—The *gaoli* gets the price of all the milk, supplied by him, in cash every day. He would, therefore, purchase all his necessaries for cash every day. He would get a loan of a very limited amount to meet the emergency. He therefore does not stand in need of his former suppliers on credit.

The society has to keep sufficient funds to pay the price of the milk for first 35 (thirty-five) days in the beginning. In future it would pay from the recoveries made from the customers. In case the supply exceeds the demand, the milk shall be converted into cream or butter and sold in the city or outside for cash.

Every *gaoli* is to pay one anna in the rupee every day as deposit. Taking the average price of the milk supplied by one buffalo in one day to be one rupee, the *gaoli* shall have to his credit about two rupees in one month and rupees seventy-two in three years—a sum that would enable him to purchase a new buffalo.

This deduction of one anna in the rupee may be regarded as sinking fund for his animals.

Since all the *gaolis* of a place (or most of them) have joined a society and since all of them have been supplying all their milk to the society, the latter practically having no local competitor would be able to control the market and sell the milk at a rate that would give the maximum benefit to the *gaolis*.

The success of the dairy shall, however, in the end depend upon the quality of hands it employs for its management and the strict but sympathetic supervision maintained by the Organizer in charge of Live-stock Branch.

SIDDIK H. SHAIK,

Joint Assistant Auditor,

Co-operative Societies, Jalgaon.

(7) *Co-operative Cotton Sale Societies.*

The Bombay Presidency is the most important cotton growing tract in India. The yield of cotton may easily be doubled, if agriculturists are properly guided and financed.

2. Indian cotton has earned a bad name in foreign markets on account of adulteration and damping practised by middlemen and ginning factories.

3. The problem is about extending the cultivation of improved cotton, securing the cultivator better prices and preventing the practice of damping and mixing and adulteration.

4. The best agency for doing all this would, in my humble opinion, be Co-operative Cotton Sale Societies. In all Cotton Market Centres the Co-operative Department should try to open Co-operative Cotton Sale Societies, the area of operation of each society should be the area of the Cotton Market. Supplying of pure seed to members should be one of the important functions of these societies.

5. The Agricultural Department should have detailed knowledge of the different varieties of cotton grown in different tracts and it should, after experimenting, prescribe particular improved strains of cotton seed for particular tract, and instructions should accordingly be given to the Sale Society. The Agricultural Department should produce on the experimental farms improved strains of cotton. It should then hand over cotton seed of such cotton to the Cotton Sale Societies for multiplication. The Sale Societies should then distribute cotton seed at a concessive rate to registered seed growers, who are to be selected from amongst good cultivators, who have specially good land and have also reputation for agricultural skill, under some conditions, viz.—

(a) Seed should not be mixed with any other variety.

(b) The first two pickings should be kept separate and sent by the seed growers to the Sale Society for sale, who will gin it under its direct supervision, and lint will be sold and seed will be kept for itself at a price fixed by it.

(c) They should allow the Agricultural and Co-operative Department Officers to inspect their lands under cotton cultivation, and if the inspecting officers find any mixture of other types of cotton, they should have power of getting such plants uprooted.

6. A regular staff consisting of a trained Mokadam and two servants should be maintained by each Sale Society, who should move out in the season, and attend to the work of careful roguing in the registered fields.

7. The Sale Societies should also attend to the following :—

(1) Different varieties of cotton should be kept separate previous to ginning, and should be ginned separately.

(2) The gins should be carefully cleaned of all seeds of one variety, before the ginning of another variety is begun.

8. The second important function of the Sale Society is to offer good marketing facilities for cotton and securing proper price to it.

9. The present system of marketing is very defective and is least calculated to guard the interests of cultivators.

The following are the modes of selling cotton by the agriculturists :—

(1) It is noticed in several places that are remote from Cotton Marketing Centres and where there are no Banking facilities, needy agriculturists sell their cotton standing in their fields, before it is ripe for a ridiculously low price as compared with the market price as they are hard pressed with money, Government land revenue assessment, and other charges.

(2) The second method is agriculturists, who are unable to take the cotton to the market, sell it locally to Banias, who mix indiscriminately the small lots and then sell to the village dealers, who dispose of them in turn to bigger dealers.

(3) The third method is those who have got facilities to take their cotton to the Cotton Market make their loose seed cotton up into the dokras and take it to the market for sale through their dalals, who in the majority of cases have made advances to them on condition of selling cotton through them. But it is to be noticed here that the rate of interest in such cases is 6 per cent. This the dalals do in order to get them into their clutches and to recoup themselves by fleecing their clients at a later stage. There is no certainty as to the dokras being sold as soon as they come. Generally they are not sold the same day. The agriculturists are asked to keep their dokras in their godowns and told that when the market is favourable their dokras will be sold. The dalals heap them in their godowns without caring to keep them separate and all that they do is, to note the number of dokras of each client and mark them with his name. When the time comes they are sold all in a lump ; and thus all varieties get mixed up, price is distributed equally among the clients not minding the qualities of cotton of various people ; and thus there is no encouragement to grow better qualities. When the dalal has got a number of small lots then he sends for a local buyer, who examines the dokras by taking out sample from each dokra, say 1 lb., but the sample taken out is not restored to the dokra, but goes to the dalal's stock and if the bargain is not struck another buyer comes in and examines the dokras as stated above and this time too the sample taken out is not restored to the dokras. Dokras are sold by private treaty generally in the absence of the owner, so the cultivator is entirely on the mercy of the dalal but unfortunately the dalal tries to win the favour of buyers more than that of agriculturists, because a particular rayot comes once or twice in a year but the dalal meets the buyer every day. The following charges are to be paid by the cultivators on the sale of one Naga of cotton :—

Rs.	a.	p.	
0	12	0	For dalali per Naga.
0	6	0	Hamali per Naga.
0	2	0	Panjrapol.
0	1	6	Charity.

In addition to these charges the cultivators will have to allow bardan for each dokra, which ranges from 12 to 20 lbs., which is arbitrarily fixed and varies according to the will of the buyers. There is no reason why this deduction from the recorded weight of each dokra should be made when the rate per Naga includes the price of the bagging, and even if it is not included there is no reason for deducting from 12 to 20 lbs. when the weight of bardan is not more than 7 to 10 lbs. There is also many a loophole for trickery in the matter of weighing. Scales and weights are not accurate. Everybody has heard complaints of such sorts. There is also one more additional charge of deduction of 2 lbs. called sample deduction, in the gross weight of each dokra. In some cases insurance charges are made without insuring the dokras, but such cases are rare. Taking all these into consideration, it is roughly estimated that one-eighth of the stock taken by the agriculturist to the market is eaten up by the abovesaid charges and extortionate practices of the market. In order to avoid all this unnecessary loss and trouble, small and needy cultivators prefer to sell the cotton crop before it is picked generally to his great disadvantage. The result being that he is not able to reap the fruit of his hard labour to the fullest extent, owing to the want of proper market facilities. In my humble opinion by the organization of Cotton Sale Societies, in all centres of Cotton Trade, these hardships of the agriculturists will be greatly minimised.

10. The duties of the Cotton Sale Society should be as follows:--

1. Indebtedness is one of the causes why agriculturists take their cotton to the dalals for sale. Unless they are free from the clutches of the dalals they do not resort to the Sale Society. The Sale Society should pick up such people in its area of operation and try to get them loans from the local credit societies for old debts. The credit societies should also be liberal in redeeming the debt of such members. The rural societies are still ignorant of sending loan applications to the Central Bank in time. The Sale Societies should engage some canvassers who should visit all the villages in their charge, explain to them the advantages of selling cotton through the Sale Societies and take loan applications to the Bank if their members want loans, from the societies, for advancing money for land revenue assessment repayable in four or five months. Such applications should be taken personally to the Bank, which will be glad to grant such loans, as this would save the trouble of enquiry on the part of the Bank.

2. In places where there are no Credit Societies the Sale Societies should undertake to start them. In case they are not forthcoming, Sub-Committees of the Sale Societies should be formed in such villages. These Committees should be authorised to advance loans to the extent of one-third of the value of the standing crop, with two sureties in each case (this is guarding against failure of crop). The Sub-Committee should see that cotton of such members is sent to the Sale Societies for sale, where their dues should be deducted with interest out of the sale-proceeds, according to the lists supplied to the Societies by such Sub-Committees.

3. Each Sale Society should arrange to have a separate and independent godown with a spacious compound so as to arrange auction sale of ten thousand dokras at a time.

4. Each Sale Society should have a high paid Managing Director who should be well acquainted with seed and cotton business. He should be the Executive Officer of the society while the Managing Committee should be deliberative and inspecting body.

5. As soon as the dokras come in they should be weighed and numbered and marked with the owners' name. Weigh bills should be handed over to the owner. Rough grading by villages and site should be made if they are to be sold immediately, otherwise due classification of grading may be made.

6. The Sale Society should keep accurate scales and weights and weigh-bridges are preferable. The India Cotton Committee says: "The advantages to the trade which would result if some uniform system of weights could be adopted for all transactions in cotton are so obvious that they need not be enlarged upon. At the same time a fruitful source of loss to the cultivator would be removed. We are therefore strongly of opinion that in the interests both of the trade and of the cultivator the weights used in cotton transactions throughout India should be standardized; the weights, which, we recommend, should be kept in all markets, ginneries and presses, are the following: 1, 2, 4, 7, 14, 28, 56 and 112 pounds. These weights should be tested and stamped." This is the best remedy to prevent frauds regarding false scales and weights.

7. Publication of Bombay price for cotton and lint is quite necessary. Arrangement should be made to get prices from well known Firms, and daily reports on cotton should also be ordered. The local and Bombay prices should be posted intelligibly on a board, so that the cultivator will know at a glance at the board the price he ought to get for his cotton.

8. *Auction Sales.*—On the whole I am of opinion that the system of auction sales is the most likely to solve the problem of obtaining for the cultivator the full value for his cotton. The success achieved in the Cambodia Auction Sale has been so striking in the Dharwar District, that even the ignorant and the illiterate agriculturists are eager to send their cotton for auction sales. Upto this time only auction sales of Cambodia cotton were held. But this year we arranged auction sales of Kumta Cotton at Dharwar, Hubli and Gadag Sale Societies. All these sales were successful and brought higher prices from 15 to 25 per cent. than those prevailing in the market per Naga. Buyers are also satisfied with the classification made by the Societies. Classification is made on the basis of purity, cleanliness, staple, strength and ginning percentage. That the buyers pay higher prices shows itself that they have no complaints against societies' classification. Grading is a great stimulus to keep up the variety pure. When a cultivator sees that a neighbour's cotton has been classed "A" whilst his own is only "B" he generally copies his neighbour in his future field work.

9. *Buying Houses.*—It is obvious that a cultivator cannot get an adequate price for his produce on account of the number of the middlemen through which it passes. So the society's aim should always be to eliminate these middlemen and come in touch with the large buyers and millowners. If the consumers are brought in touch with the producers, both the parties will understand what they require from each other. The Mill owner will say that he wants cotton of particular colour, staple and strength and the cultivator will say that he is required to be paid more so much: thus the arrangements are effected easily. This cannot be done in the case of middlemen. Local buyers and dalals naturally look askance at the societies and may possibly boycott the Sale Societies. So in order to facilitate the easy working of the societies, the Co-operative Department should secure some millowners as customers. If once confidence is gained on either side, then hundreds of bales might be sold by sending samples only to distant places.

10. The aim of the Society should be to promote the extension of cultivation of improved varieties of cotton and give no scope for mixture. The Society should inform cultivators what prices they would have obtained, if the cotton had been of a pure strain. Cultivators lose more than they gain by their efforts to cheat buyers by way of putting mud or stone in the middle of the dokra, and this should be constantly impressed on them. Directions should be given to them regarding picking. Mixing of various varieties of cotton-seed and cotton in sowing and marketing respectively should be condemned wholesale. The agriculturalist should be impressed that they would lose good price for their cotton if there is any least suspicion of mixture.

11. *Co-operative Gineries and Presses.*—With few exceptions the Ginning Factories are badly managed, and they are to a great extent responsible for the degeneration of India Cottons, consequent upon the mixing up of different lots of seed. Damping is practised in Gineries in order to fraudulently increase the weights of cotton. Cotton waste and cotton fly are ordered from Bombay in order to mix them with good cotton by the owners of Pressing Factories. Watering of the cotton is also made in Presses. This causes loss and injury to the cotton spinners. These reprehensible malpractices must have a very serious effect on the price an agriculturist obtains for his produce. In order to put an end to these practices, the Co-operative Department should organise Co-operative Ginning and Pressing Societies at the places where cotton Sale Societies are existing.

12. *Funds.*—Theoretically speaking Sale Societies should confine their business to selling cotton and supplying pure seed. After experience it is found necessary that Sale Societies will have to advance loans to the extent of one-third or half the value of cotton brought to the Society in case it is not sold immediately for making purchases, such as cloths, kerosine oil in the market, although the Rural Credit Societies are advancing money for raising the crop and paying the land revenue assessment, etc. The funds may be raised by shares, deposits and loans from Central Banks.

13. *Government help.*—(a) Sale Societies will be of little use for extension and improvement of cotton cultivation in case they don't maintain a sufficient staff for controlling the purity and distribution of pure cotton seed. They also require a high-paid Managing Director with good staff under him, for efficiently managing the sales. Expenses for all these the Sale Societies cannot bear as their income is limited. So the Government should subsidize the Sale Societies until they stand on their own legs.

(b) As stated above godowns with a spacious compound is necessary for each Sale Society. It is noticed that in Cotton Markets it is not easy to secure godowns on hire especially for Sale Societies. The Government should give them site free of cost and a loan to erect the building thereon repayable in 20 annual instalments.

(c) If the Sale Society cannot get a competent Managing Director then the Co-operative Department should give a trained official. Half of his pay should be contributed by Government.

(d) The Sale Societies are unable to purchase weigh-bridges. Here also Government help is necessary.

(e) An Honorary Organiser solely for Co-operative Cotton Sale Societies should be appointed, whose business should be to tour in the area of Cotton Sale Societies and explain the benefits of such societies.

14. In conclusion I have every confidence if Cotton Sale Societies are properly organized and managed, not only there will be a good supply of cotton to the cotton industry of the world but I am also sure that cotton of good quality will be grown here, which will compete with that grown in America. The progress already made by the Sale Societies is striking.

C. B. HULI,  
Auditor, Co-operative Societies,  
Southern Division, Dharwar.

*Note.*—Many of the questions raised in this paper have been disposed of at a meeting of the officers of the Agricultural and Co-operative departments on 13th August 1919 the proceedings of which are as follows :—

PROCEEDINGS OF THE MEETING BETWEEN OFFICERS OF THE AGRICULTURAL AND  
CO-OPERATIVE DEPARTMENTS IN THE OFFICE OF THE REGISTRAR, CO-OPERATIVE  
SOCIETIES, POONA, ON 13TH AUGUST 1919.

*Present.*

Dr. H. H. Mann.	Mr. V. R. Dharwadkar.
Rao Saheb M. L. Kulkarni.	„ D. A. Hukeri.
Mr. K. B. Bhadrapur.	„ C. S. Shirhatti.
„ H. B. Kulkarni.	„ R. B. Ewbank, I. C. S.
„ M. A. Shetti.	

*I.—Policy with regard to maintenance and distribution of pure seed in the  
Southern Division.*

1. The Agricultural Department will produce pure strains of cotton seed in which it is interested (Kumta Selected, Cambodia, Upland American) on its own seed farms, and will issue the seed to selected growers in one or more villages selected by its staff. The outturn of this seed will again be issued to selected growers; and this process will be continued until the Agricultural Department has 40,000 lbs. of pure seed of each strain, sufficient to cover 5,000 acres. Upto this point the seed selection and storage, the supervision and roguing of the fields, and ginning, etc., should be entirely supervised by the Agricultural Department. When 5,000 acres have been sown with pure seed, the entire outturn of seed from this area should be handed over to the Sale Societies for distribution. They will distribute it to their members and will not be required to supervise its growth or the roguing out of false plants. Their sole responsibility will be to see that it is cleanly ginned before distribution. The entire seed outturn of 5,000 acres, the limit set for itself by the Agricultural Department will be available for sale to the Sale Societies for distribution provided that the growers are willing to bring it to the auctions.

2. The Agricultural Department will issue about 40,000 lbs. of Kumta Selected to growers this year, and the whole outturn will be available to the Sale Societies in 1920. In the same way in 1921 it is expected that the outturn of 5,000 acres of Upland American will become available and in 1922 Cambodia.

3. The Sale Societies are only to buy and issue (1) seed supplied by the Agricultural Department, (2) seed obtained by the ginning, under the Societies' supervision of cotton sold at the Societies' auction. No other cotton seed is to be stored or distributed by them.

4. Cotton grown for seed under the control and supervision of the Agricultural Department is to be sold at the Sale Societies. But a special day is to be set aside for these auctions, and they are to be conducted under the entire control of the Agricultural Officers, who will take all the seed that they require after ginning the cotton under their own supervision and will sell the unrequired balance to the Society.

5. The Agricultural Department will select villages within reach of the Cotton Sale Societies for giving out improved strains of seed and will communicate the names of these villages to the Societies, who should refrain from supplying any seed of any sort to the villages so named.

*II.—Classification and Grading.*

1. Cambodia and Broach should be classified according to ginning percentage.

The remaining cottons, Kumta and Upland American, should be merely classed as clean and unclean. In the case of Kumta Selected the name of the village of origin may be added.

2. The officials of the Societies themselves are capable of doing the classification into clean and unclean.

The Agricultural Department will undertake to grade only Cambodia and Broach cottons on behalf of Cotton Sale Societies. It will be the duty of the Societies' staff to weigh the dokras and to hand out the samples. The Agricultural Officer will be present at the time to receive the samples and to ascertain the ginning percentage. The decision of the ginning percentage in the case of all Cambodia and Broach cotton may be left entirely to the agricultural staff.

In order to carry out this important duty, the Director of Agriculture will approach Government for the creation of two temporary posts of cotton experts for three months (April—June) for this work.

### III.—Improvements in management.

1. Dates of sales should be fixed and announced 3 or 4 weeks in advance and not altered. The last date fixed for growers to bring cotton should be some days before the actual date of auction.

2. Responsible and trustworthy persons should be engaged for taking out samples.

3. The insurance of cotton should be effected promptly and fully.

4. Societies must try to secure efficient Managers. These Managers should remember that successful auctions, not private sales, are their main functions. No private sales should ever be permitted on the date of auction or on the day before.

R. B. EWBANK,

Poona, dated 13th August 1919.

Registrar, Co-operative Societies, Poona.

### (8) Irrigation and Co-operation.

I confess I have no expert knowledge either on irrigation or on co-operation. It is not therefore without much hesitation and diffidence that I have ventured to place before you this short paper with a view to arouse interest and invite discussion as to how co-operative principle may be applied to irrigation.

The credit system based on co-operative basis has only a partial bearing on the economic side of the agricultural problem which we are attempting to solve. Its solution lies materially, if not wholly, in comprehensive co-operation. Co-operative credit helps the agriculturist to raise money on easier terms to meet his present wants but it does not do away with his future wants nor enables him to meet them independently of co-operative credit. It is therefore necessary that side by side, with the system of co-operative credit, another and more effective channel of co-operative activity should be opened which directly deals with his land-produce. If the co-operative credit system, while helping him to meet his present wants, also helps him to increase his capacity of producing more from his land much of his troubles will, it is hoped, disappear. Irrigation is one of the factors, which should go a great way to better his material condition.

These are three Agencies that can work out the problem of successful irrigation, viz.—by the individual agriculturist, the co-operative credit, and the Government. If all these join and work co-operatively, the result would be a marked success. The individual agriculturist should be taught the advantages of the improved methods of irrigation, the other should undertake collective or co-operative irrigation wherever possible and the third should act as an adviser and a guide to supplement its own large undertakings.

The different methods of irrigation for individual undertaking have got to be tested before one can be induced to take up any particular method of irrigation. The size and locality of individual holding, the capacity and intelligence of the agriculturist and the volume of water available should more or less govern the application of any particular method of irrigation and many an agriculturist who has taken a particular method of irrigation without giving thought to these considerations is known to have come to grief. So it would be with collective irrigation.

It is possible, however, to divert the present co-operative activity into the channel of collective irrigation. It is also possible to co-opt co-operative credit upon irrigation. It is possible likewise to demonstrate many advantages of co-operative irrigation. But the success cannot be assured without a head to advise and a hand to guide and direct it. Co-operative irrigation, if worked out successfully by a mechanical method, will save immense human and animal labour to be usefully employed elsewhere. It will be more efficient and economical. Besides these direct advantages, the indirect advantage, it is likely to give, is to encourage and foster individual efforts in this direction. Much therefore depends upon how collective efforts is guided to a successful result. If therefore co-operative credit can be combined with Government help and guidance to start some irrigation works in some suitable locality it will give a great impetus to co-operative activity.

It is quite possible to have such works on a limited scale in this part of the country, which abounds in rivers and water-courses which throw continuously large volume of water uselessly into the sea. These waters may be harnessed and utilized for irrigation on co-operative principle. Government help and guidance which is essential for successful working of such irrigation should form a well-devised system of distributing its present and future expenses on the irrigation works over a sufficiently large area and a long period, and of allotting a number of irrigation mechanics to such works.

Incidentally, it may not be out of place to suggest revision of the rules of enhanced assessment or water charges in connection with land revenue. They may be such as to encourage the agriculturist to avail himself fully of the natural sources of irrigation and where Government has to incur expenses for constructing and maintaining an artificial irrigation, care must be taken to see that the water charges assures him a sufficient supply of water.

DURLABHJI R. DESAI,

Honorary Organiser,  
Co-operative Societies, Surat.

(9) *Co-operation for Fishermen.*

Efforts be made to organize co-operative societies amongst fishermen—especially of the Ratnagiri District—for improving their industry as well as credit, and to this end a special competent organizer may be appointed in the Co-operative Department.

(1) *Reasons.*—There is a good deal of scope for improvement in the methods of catching and drying fish, and preparing fish oil and fish manure.\* Fishing is one of the few industries of the Ratnagiri District which seems to the Bombay Department of Industries to be capable of development.

(2) “Fishermen are usually men of low caste, ignorant, idle and uneducated with a low standard of comfort.”† The educational department, therefore, gives free education in primary schools. These men are likely to be exploited by middlemen most.

D. A. SHAI,

Auditor, Co-operative Societies, Bombay.

(10) *Organization of handicrafts.*

*Proposal.*

(1) An officer be appointed in the Co-operative Department whose duty it shall be:—

(a) to organize co-operative societies among persons engaged in small-scale industries, e. g., smiths, shoe-makers, etc.;

(b) to find out industries which, whether now conducted on large scale or otherwise, are capable of being economically run by individuals organized in co-operative societies, and to start such industries preferably in villages and small towns, and organize co-operative societies amongst the workers engaged in those industries. (Tape-making, twine-bell making, etc.);

(c) to find out industries which do not require long preliminary training or great skill in the workers engaged in them, and which are capable of being economically run by individuals organized in co-operative societies even though they work during leisure-hours or particular seasons of the year, and introduce such industries especially in villages, and organize co-operative societies amongst persons engaged in those industries. (Embroidery, spinning, etc.);

(d) to keep himself acquainted with improved methods or machines which may benefit or save from loss individuals carrying on small-scale industries, who are organized in co-operative societies;

(e) closely to co-operate with the Department of Industries, and utilise to the fullest possible extent, information, etc., collected by the Department.

(2) Two officers be appointed in the Co-operative Department whose duty it shall be to assist the officer hereinbefore mentioned—especially in organizing and training industrial co-operative societies.

(3) A “Bombay small-scale industries Central Society, Limited” be started with the following objects:—

(a) to finance co-operative societies formed for the purpose of helping their members in carrying on secondary, cottage, or other small-scale industries;

\*Indian Industrial Commission Report, paragraph 70.

† Ibid, paragraph 69.



- (b) to supply necessary information and raw materials to such industrial societies and to buy or to help the societies to dispose of the finished products of their members ;
- (c) to organize co-operative societies for small-scale industries.

*Note.*—Though the constitutions of the central and other industrial societies will make them independent of one another, the central society may, in the beginning, serve in practice, as the Head office of an industrial concern having branches in the shape of some of the small societies through whom they would get certain articles made out of raw materials, and perhaps, by means of the implements, machines, etc., supplied by itself with the growth of the number and work of small societies, the central society should become a sort of industrial Co-operative Bank, and the function of supplying raw materials, etc., and arranging for the sale of finished products may either be performed by a separate department of the so-called Bank, or may then be undertaken by a separate co-operative organization. In the beginning the central society may, for some time, have a part-time Manager who may be already working as the manager of some co-operative stores or Housing Society.

(4) Railway and steam-ship companies be approached through Government in order that reduced rates may be charged for the transport of goods from one industrial co-operative society to another.

*Reasons.*—(1) In the case of many of the secondary cottage, and other small-scale industries which already exist, co-operative finance and purchase and sale is likely to improve the material and even the moral and social condition of the persons engaged in such industries.

(2) The introduction of secondary industries especially in Indian villages has all along been the desired object of all well-wishers—including great administrators—of India. But successful working of secondary industries to any very large extent, can hardly be expected in modern times, unless they are aided by co-operative organization.

(3) Considerable efforts have been made and good results obtained from the organization of agricultural and even other credit on co-operative lines. It is also proposed to make efforts to organize co-operative distribution. But comparatively little is accomplished, except indirectly, in the matter of co-operative production, and regretfully enough, no special efforts in that direction are in prospect at least so far as the near future is concerned.

(4) Efforts towards the promotion of small-scale industries—especially secondary—would secure for the whole co-operative movement the sympathy and, to some extent, the active support of the Indian educated world. As to secondary industries townspeople and villagers may be expected to welcome them, provided a judicious selection is made.

(5) “Never forget the industrial development of your country,” said His Excellency the Governor to the students of the Fergusson College, only recently. “To organize, to develop, to direct” was their work, His Excellency added. No less is it the work of those interested in the co-operative movement. To avoid industrial stagnation on the one hand, and capitalism or socialism on the other, a country should, it seems, resort to co-operative organisation of as many industries as possible. Sir Theodore Morison calls co-operation a “counter-revolution”—counter to the Industrial Revolution of the nineteenth century. Though certain industries are bound to be carried on on a large scale, there is no reason why many should not succeed even though run on a small scale.

(6) Diversity of industry as a preventive—one of the preventives of famine and scarcity urged by famine commissions and men entitled to speak, is not attained so much by large-scale industries as by small-scale industries. By organizing small-scale industries, co-operation would confer a great national boon on India. There is little doubt that the practice of some industry over and above agriculture raises the general intelligence of the peasants.

Answers to some of the possible objections :—

(1) *Objection.*—There is already a Department of Industries, which is expected to deal with the question of the industrial development of the country.

*Answer.*—The Department of Industries would mostly make enquiries, collect information and make the information available to the public. The Department is likely to have have enough to do in connection with matters concerning large-scale industries. Supposing, however, that the Department knows, that a particular industry may be successfully carried on as a secondary or a cottage industry if organized on co-operative lines, it can hardly do the work of introduction and organization.

(2) *Objection.*—Appointment of Government officers would be costly and would probably officialise the co-operative movement to an undesirable extent.

*Answer.*—It has not been uncommon, during the last few years, for one to hear a good deal of talk about the great possibility of a number of small-scale industries being run on co-operative lines. Yet little has been achieved. Now we have a Department of Industries on which we can to a large extent, rely for information concerning industries. With that information in hand, it only remains for us to push on the co-operative organization of small-scale industries with a strong will and sober judgment. If competent non-official workers are not forthcoming in sufficient number with sufficient leisure, a few thousand rupees spent on Government officers can hardly be said to be spent amiss.

(3) *Objection.*—The proposal wants the movement to begin at the wrong end—by having the Central Society first.



*Answer.*—The objection seems to be based on an erroneous comparison with co-operative credit organization. Unlike credit, the chief requirement of small-scale industries organizations is their close acquaintance with improved methods and close touch with the central market. Without such acquaintance or touch, industrial co-operation may not succeed. A central society is, therefore, practically the *sine qua non* of small societies.

(4) *Objection.*—In modern days of huge-scale production, it is futile to try to prop up small-scale industries.

*Answer.*—Most well-known thinkers and writers on Economics, while they admit that some industries are likely to be carried on only on a large scale, never deny at the same time that there are a number of industries which can be carried on on a small scale perhaps for all time to come. Chances of success of small-scale industries must increase with the number of trade secrets getting smaller day by day, and greater and greater amount of information being available through the agency of State Departments.

D. A. SHAH,

Auditor, Co-operative Society, Bombay.

### Reforms in the present policy of the hand-loom weavers' Co-operative Societies.

#### (1) *Present Policy.*

The policy at present adopted, is of four stages, which are as shown below :—

I. In the first instance, an ordinary cash society is started. With the advance obtained from such a society, the weaver member is at liberty to buy his yarn from any shop that suits him.

II. As soon as little experience is gained, the direct wholesale purchase of yarn is undertaken by the society. The yarn is sold at cash or credit of three months to members.

III. When it is found the society has got sufficient funds, manufactured cloth of members is accepted in the off season, when the sowkars buy it at a low price from weavers, and loans of yarn and cash enough to keep the weavers employed, are advanced to members.

IV. The last stage is the opening of a regular shop in the Bazaar at which the members' cloth is sold to the public.

2. Funds are raised by deposits of five years in the case of societies of unlimited liabilities, and by shares in the case of those of limited liabilities. Government aids these societies by granting loans equal in amount to the sums collected by them as five years' fixed deposits or shares. These loans are free of interest for the first three years and the maximum period of paying them back is of twenty yearly instalments. As necessity arises, loans from a District or Provincial Central Co-operative Bank are also given to these societies.

3. After paying all the interest due on the borrowed capital and all working expenses from the gross profit earned during a year, one-fourth of the net profit is carried to the Reserve Fund and half of the remainder is distributed to members as bonus in proportion of their business in raw materials and finished articles with the society.

#### (2) *Merits and Demerits of the Present Policy.*

4. Poor and middle class weavers are generally the constituents of a weavers' co-operative society. So long the society is in its first stage, its transactions go on very smoothly and without meeting any difficulty. As soon as it enters into the second stage, obstacles begin to meet it and hinder its progress. They are as stated below :—

(1) Local dealers begin to undersale the yarn to the members of the society with a view to disable the society to run the branch of yarn purchase and sale.

(2) So long the members find that they are getting yarn at cheaper rates than those of local sawkars, they purchase it from the society but as soon as they find that the society is selling its yarn at a little bit higher rate than those of local sawkars, they purchase it at the shops of the local sawkars who get the weavers involved into their grip more firmly.

(3) Some of the members who had not the insight in the yarn business before the starting of the society and who have got sufficient funds, open their shops for selling yarn and become opponents to the society itself.

5. Conquering all the difficulties coming in the second stage when the society reaches to the third stage, it meets with the following difficulties :

(1) In the off season, the poor weaver members do not hypothecate their finished articles in the society because they cannot venture to undergo the risk of speculation in

the market. They are already in the debts of sawkars and the society; they, therefore, fear that if they will not get favourable prices for their hypothecated finished articles in the brisk season, they will be increasing the burden of debts on their shoulders instead of lessening it.

(2) The independent weaver members only take the advantage of hypothecating the finished articles in the society in the off season. The experience of one or two years teaches them that the bargain of storing the finished articles in the off season and selling them in the marriage season results at the end a profitable one. Taking advantage of this experience some of them open shops for purchasing and selling finished articles.

6. As a consequence of the obstacles met in the second and third stages, the membership of the society is considerably reduced, active and intelligent members leave it as they begin to look more to their individual profits and the future progress of the society comes to an end.

7. Though the liability of a weavers' co-operative society is generally unlimited, still the assets of its constituents being poor as compared to those of agriculturists, the society is not liberally financed by a co-operative bank or local depositors.

8. The purchase and sale of raw materials in a month being uncertain, the society is not in a position to state exactly its monthly requirements to a wholesale purchase and sale society if it were to be started at a promising centre or to correctly estimate its monthly financial needs.

9. The society is not also in a position to supply reliable finished articles of its members to a well established firm, as almost all the raw materials are not purchased by the members at the shop of the society, as each member produces the cloth as per his will and as the society cannot undertake the risk of fastness, texture and length and breadth, etc.

10. In the present circumstances, the weavers' society is unable to force upon its members certain bindings which will result in improving the economic condition of its constituents.

11. The advantages at present enjoyed by weaver members from a society are :—

- (1) low rate of interest,
- (2) raw materials at cheaper rates, etc.
- (3) facilities to store the finished articles in the off season.

### (3) *Reforms in the Present Policy.*

12. The following policy is suggested to be adopted :—

I. In the first instance, an ordinary cash society be started and from the advances obtained from such a society, the members may be at liberty to buy their yarn from any shop that will suit them.

II. As soon as experience has been gained business of raw materials and finished articles may be undertaken.

III. When it is found that the society has sufficient funds, it may undertake to supply ready warps and shuttle bobbins filled up, to the weaver members. For this purpose the society shall have to purchase improved machines.

IV. The society with the help of the Department of Industries should try to introduce improved looms among its members and to compel them to produce cloth of various designs.

13. In the first stage the abilities of all the weaver members will be practically understood and the society will be in a position to select certain members from them to make its progress in the second stage a success.

14. While entering in the second stage, the society will have to restrict its transactions to a limited number of members. The aim of the society at the second stage being to supply raw materials and to purchase and sell the finished articles, the members with whom the society will be making transactions will be permanent members of the society and there will be no fear for the society of its members leaving it or becoming competitors to it. The modus operandi of the second stage may appear as speculative and therefore dangerous to the society. The weavers' societies are just like commercial concerns and the members must be prepared to undertake the risk of profit and loss. If the responsibility of bearing the profit or loss is left on individual members by adopting the procedure of hypothecating the finished goods and selling them on behalf and at the risk of individual members, the society, as far as the practical experience has shown, is not benefited but on the other hand its further progress is stopped. When the weaver gets profit in the bargain, he undertakes the business in the next year and becomes competitor to the society and when he gets loss in the same business in the next year, he does not venture to hypothecate his finished articles in the society but resorts himself to the selling of the finished articles to the sawkars who gradually catch hold of him more firmly. In any case the society loses its members and its strength is thereby weakened. If the situation of the dealers in the hand-made cloth is studied, it is found that it is improving day by day and very few have declared themselves bankrupts and, therefore, it does not appear that the adoption

of the second stage by the societies will be risky to them. The aims of the second stage are just the same which are in vogue in the business of local sowkars but the difference is that the profits going into the pockets of sowkars will be coming to the joint institution of weavers themselves.

15. By the adoption of the third stage, the society will be adding more to its profits and benefiting its members. By improved machines the work will be done in a short time and with less labour. The weavers' sons and females who are engaged in these preliminary operations will be free to be utilized for more important work, i.e., the sons will be in a position to attend to the schools and the females to the more remunerative work of weaving cloth.

16. In accepting the improved appliances of weaving, the impression of weavers in general is that increased production means decreased prices and that any gain which might accrue are more likely to be added to the dealers' profits than to their wages. The impression can be better removed if the improved appliances of weaving are introduced through a society which purchases and sells the finished articles of its members. If some improvements are taught to the weavers, some of them pick them up but do not continue to produce the patterns after the demonstration or school is removed from the place with a fear that they will not get better prices for them. So the adoption of the fourth stage by the society will facilitate the introduction of new appliances and methods in weaving among the hand-loom weavers and the expenditure made by Government in demonstrations will be found as fruitful after a short period.

*(4) Merits and Demerits of the Reformed Policy.*

17. By the adoption of the reformed policy it may appear that the society is directly undertaking the risk of speculation but at the same time the society will be in a position—

- (1) to make steady and certain progress ;
- (2) to introduce improved appliances and methods of weaving among the hand loom weavers ;
- (3) to face the factory competition ; and
- (4) to aim at the improving the moral and material state of its members.

*(5) Some Suggestions.*

18. As these societies are more or so of commercial type, the percentage of carrying the amount to reserve fund should be increased from one-fourth to one-half and this should be made compulsory.

19. An Industrial Bank should be started at Bombay to finance these societies and a wholesale purchase and sale society, for supplying raw materials and selling finished products.

20. There should be such a fund from which loans at a lower rate of interest or free of interest should be granted to societies coming into loss for such a period within which they may be able to recoup the loss. The Registrar, Co-operative Societies, Bombay Presidency, Poona, should be one of the trustees and on his recommendations loans should be granted.

21. The societies may appoint their secretaries but their dismissal should be with the approval of the Registrar, Co-operative Societies Bombay, Poona.

22. Industrial Department should render every facility to the Co-operative Department from time to time.

P. V. KELKAR,

Inspector,

Weavers' Co-operative Societies, Bombay,

Poona.

## APPENDIX X-A.

## Report of Sub-Committee No. 6.

**SUBJECT.**—*Suggestions about Purchase and Sale and Non-Credit Societies.*

**Chairman.**—Honourable Mr. Purushottamdas Thakordas, C.I.E., M.B.E.,  
Honorary Secretary, Bombay Presidency Famine Relief Fund.

*Members.*

R. D. Bell, Esq., C.I.E.	Mr. N. G. Deshpande
F. A. C. Rebello, Esq.	„ T. B. Thakore
Rao Saheb K. R. Walwekar	„ L. S. Potnis, Mamlatdar of Bhusawal
Rao Saheb B. A. Palekar	„ C. S. Deole
Rao Saheb G. H. Desai	„ P. S. Pandit
Mr. C. B. Hooli	„ F. T. Nalvadi
„ R. B. Palekar	„ D. S. Unde
„ P. V. Kelkar	„ M. S. Sheshital
„ M. A. Shetti	„ Chimanlal Hardaram
„ D. A. Hukeri	„ S. M. Wadiarmath
„ Anurai B. Oza, Superintendent, Tata Sons' Workmen's Institute	„ Govindgowda Patil
„ K. N. Desai, Ahmedabad	„ P. N. Mulye.
„ J. M. Shah, Jambusar	„ G. L. Gajendragadkar
„ D. K. Mehta, Jambusar	„ P. N. Bildikar
„ D. V. Bhatt	„ D. N. Desai
„ C. S. Shirhatti	„ Bharwada
„ S. D. Jathar	„ S. S. Salimath
„ M. R. Uplekar	„ S. Y. Sontakke
„ Ramnikrai N. Mehta	„ Yatgiri
	Rao Saheb M. L. Kulkarni

This Committee desire to submit the following report :—

Notes on 'Co-operative Wholesale Society' prepared by Mr. R. N. Mehta, and on 'Wholesale Purchase for Co-operative Societies' by Rao Saheb G. H. Desai were fully discussed and the Committee arrived at following conclusions :—

A Co-operative Wholesale Society in Bombay is a necessity and the present would appear to be a suitable time for starting an organization of this nature. Its function should be :—

(1) To purchase articles on behalf of all Co-operative Institutions, including primary stores, supply unions, etc., and forward the same to them.

(2) To sell articles on behalf of the said Institutions on commission.

The Wholesale Society will, in its initial stages, do business only on the basis of what is known as the Adat System and charge actual prices, out-of-pocket expenses, such as cartage, cooli hire, etc., and reasonable trade commission to cover the expenses of management.

Any surplus left at the end of the year will be employed in paying a dividend at a rate not exceeding 6 per cent. on shares and the balance left will be distributed to all the purchasing institutions in proportion to each one's purchases from the Wholesale Society as compared with the total turnover of the Central Store.

Inquiries for quotations will in the first instance be sent to the Wholesale Society, which will have the right of first refusal of every indent required by Co-operative Institution. If the rates quoted by the Wholesale Society are the same as or reasonably near the rates quoted by other agencies, the purchasing Co-operative Institutions shall buy from the Wholesale Society.

We had a very full discussion regarding the duties of Assistant Registrar that may be appointed by Government for the purpose under reference. After hearing the views of the Registrar and Rao Saheb Desai, the Committee is unanimously of opinion that the duties of the said officer, if appointed, shall be to organise primary stores in the Presidency, to see that they correctly grasp the motives and functions of this movement and act up to the spirit of the same and otherwise carry on business on correct lines.

The share capital of the Wholesale Society (Central Store in Bombay) to start with will be Rs. 1,00,000 divided into 10,000 shares of Rs. 10 each.

The shares of the Society will in the first instance be offered to Co-operative Institutions and then to individual members of such Institutions, and lastly to the public.

The Society's affairs shall be managed by a Committee consisting of 20 members elected in the first year by the General Bodies of shareholders. In future years, 16 members of the

Committee shall be elected by the General Body, the remaining 4 being nominated by the four Co-operative Institutions making the largest purchases from the Society in the previous year.

Every member of Wholesale Society holding 1 or more shares up to 25 shall have one vote and one additional vote for every 25 shares, the maximum number of votes of a member being limited to 10. The necessary exemption for this purpose under section 5 of the Act be applied for to the Registrar.

The Society may also deal with other Co-operative Institutions outside the Presidency on the same terms on which it is to deal with the Institutions in the Presidency, the difference being the institutions being outside Bombay Presidency shall not have the benefit of rebate out of profits. The Committee think that the success of the store depends on the employment of a competent Manager experienced in the commercial side of the management of the store as much as on the best of guidance from persons conversant with various branches of trade in Bombay and in other big trade centres in India.

All purchases should be made against cash remittances or against credit by the Bombay Co-operative Central Bank.

The principles laid down in paragraphs 5 and 6 of Rao Saheb Desai's paper are approved of.

The work indicated in paragraph 12 of Rao Saheb Desai's paper regarding information bureau may be undertaken by the Co-operative Central Society and expenses for the same in the initial stage should be contributed by Government until the Store is able to declare dividend at 6 per cent.

Mr. Palekar's paper was considered and recorded.

Mr. Jathar was requested to refer his paper regarding the "Supply of competent clerks" to Committee No. 7 of the Bombay Central Co-operative Institute.

The Committee had no time to consider papers on "Co-operative Dairy" by Mr. Siddik H. Saikh and on "Hand Loom Weavers' Societies" by Mr. Kelkar.

The questions raised in Mr. Hooli's paper were considered and in view of the fact that some of the questions raised were disposed of by a special committee of Co-operative and Agricultural Departments, it is proposed that the remaining points may be referred to another committee for submitting a report at the next Conference.

In view of the present high prices of machinery, the Committee are unable to recommend the purchase of machinery for ginneries and presses at present. The Co-operative Societies concerned should secure them for some time on hire if possible.

Mr. Durlabhaji's paper was considered and recorded.

The Committee is of opinion that special efforts be made in conjunction with the Department of Industries to organise Co-operative Societies amongst fishermen for the improvement of their industry as well as credit, and that monetary help may, if necessary, be given to the societies for the maintenance of clerical staff.

The Committee recommend that a special officer may be appointed as proposed in paragraph No. 1 of Mr. Shaha's paper, that this officer should enquire into the possibility of extending Co-operative organization as suggested in (1) (a) (b) and (c) of the paper, and that on the receipt of the officer's report, subsequent action may be taken in consultation with the Registrar, Co-operative Societies, Bombay Presidency, and the Directors of Bombay Central Co-operative Bank.

## APPENDIX XI.

**Urgent need for Co-operative Stores.***Points to be touched.*

1. *Great stream of distributive Co-operation in Western Countries.*—In my recent address in Bombay on "The Message of Western Co-operation," under the auspices of the Bombay Central Co-operative Institute, I have endeavoured to point out the directions in which the co-operative movement has served the great mass of the people; have also shown its special features; quoted figures to indicate the Titanic character of its present growth; and described the extent and scope of its operations.

2. *Its lessons for India.*—It might, at this stage of the growth of Indian Co-operative movement, very pertinently be asked, Has India no need for store Co-operation? I feel that the need for it is very urgent and growing also imperative for various reasons. I adduce among others the following few grounds for the speedy adoption of the distributive form of co-operation. If the main object of the co-operative movement be the economic betterment of the classes that stand in need of its helping hand, the poor agriculturists would certainly profit by their agricultural produce being stocked and sold co-operatively and also by the needs of their agricultural and domestic life being supplied on co-operative principles. Moreover, the small traders and craftsmen, as also the poor wage-earning classes, and people belonging to the struggling middle classes in the community will also be greatly profited if they could be made to realize the benefits of co-operation being applied to the production of the commodities they deal in, or to the supply of the articles they require for their daily use by inculcating upon them the need for cash dealing and loyalty of custom, which are recognised as guiding principles of the bulk of the store movement. In the case of the agriculturists their need is great owing to the changing economic condition and the daily growing competition with farmers in other advanced countries. The recent experience of the war has brought home to the average man in the community evils of the recent harassing profiteering carried on to an abnormal degree by dealers in articles of daily consumption and how on that account it became necessary for Government to resort to methods of control by regulating prices. Co-operative Stores, had they been in existence, would have rendered a great service to the community concerned, in such circumstances.

3. *The benefits of Store Co-operation.*—

- (1) Economic, social, educational and civic.
- (2) Linking the rural population with the Urban.
- (3) Enlisting the sympathy of educated men in Urban areas with the movement.
- (4) A field for young men and women to render useful service to the community by engaging in co-operative work in the different spheres of their life, and
- (5) Steadying the prices and checking the vagaries of the market.

4. *Organization and the Machinery for it.*—First, a net-work of primary stores will have to be organised in places where a co-operative society already exists and the management of the primary store may be entrusted either to a sub-committee of the existing society or, if separately registered, to a distinct managing committee. Secondly, these primary stores should be federated into a wholesale co-operative store in a central commercial place like Bombay and its capital should be raised partly from the shares subscribed by the federating societies and from deposits received from non-members or loans from central financing agencies. The wholesale Society will have to undertake a variety of functions such as (a) the preparation of the budget of the needs for various articles of its member societies; (b) the wholesale purchase of articles, thus budgetted, at the proper season or from cheap markets; (c) economic and speedy distribution of the commodities; (d) cheap production of the articles needed if that were possible; (e) purchase of articles through the primary stores that would serve as the receiving or the collecting centres in the rural areas in the sphere of their influence; (f) training of the managers of these stores in the principles underlying such organisations; but particularly in the methods of studying conditions in respect of the changing needs of the locality, of current prices, of judging of the quality of articles, and of store accounts. They must also be made familiar with the difficulties likely to be created by the small dealers who would feel the pinch of competition. In a country like India to start with, there should be two agencies for the organisation and management of the co-operative stores. Government should be requested to appoint a special staff under their own officer to organise these non-credit institutions with the help of local men interested in the movement and to provide for the education in principles that guide this movement and the methods to be adopted. They should also provide for regular supervision and free audit until the transactions of the primary stores reach a certain stage. They should further get the primary store linked with the Central Co-operative wholesale. And the second agency that will have necessarily to be brought into existence as the apex of the movement; the model for it is the Co-operative Wholesale Society of Manchester. This

Central Co-operative wholesale will have to discharge its various functions by forming small sub-committees from among its large number of well trained, experienced, and efficient Directors, who will be assisted by a clever staff of paid servants trained in methods of business. In the organisation of these primary stores the methods adopted by the Supply Union in Punjab might be usefully studied.

5. *Further details.*—There are innumerable details that will have to be settled in the light of the existing conditions and the growing needs of the movement.

6. *Need for getting Co-operators trained.*—I am strongly of opinion that following the example of several advanced countries in the West we should arrange to prepare a scheme with the help of Government, financial and otherwise, to send some of our experienced and tried co-operators from the class of agriculturists and working men to countries where co-operation is highly developed and has effected very substantial improvement in the agriculture and other small industries of the country.

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