

# CO-OPERATION.

## CO-OPERATIVE MOVEMENT IN INDIA.\*

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In 1918, when the last Conference of Registrars was held, we were still engaged in the task of adopting the recommendations of the Maclagan Committee on Co-operation, and the last formal resolution of that Conference was one expressing our high appreciation of the work of that Committee and of the excellence of its report. The experience of seven more years' strenuous labour brings us, I venture to think, in still better position to appreciate the great value of the work done by that Committee, and to testify to the good influence its report has exercised on the growth of a sound movement in India.

Since the last Conference, there has been a threefold increase in the number of societies, in capital, and in membership; and the total sum of paid up capital and reserves has risen in a manner and to an extent which is highly satisfactory. But this period has seen comparatively little change in the Act, the rules or the essential bye-laws, and I think you will all agree with me that the growing experience of India bears a most remarkable tribute to the excellence of the scheme for village credit societies which will for ever be associated with the name of Raiffeisen. It is a matter for thought that while so many people of education and intelligence are devoting time and labour and talk to the framing of a constitution for this sub-continent, the hope of the peasantry is bound up with the constitution of a little village association. The Raiffeisen type of societies has proved so successful here, that we may well see in it a message of hope; for if Germany, after fifty years of effort on co-operative lines, was able to break the power of the money-lender and gradually convert her societies from credit to thrift, there should be good reason to expect that similar efforts will in due time produce similar results here. I do not say that fifty years will suffice for India. The task here is so much the greater, and there are special obstacles peculiar to the country and its social system which will only be overcome by prolonged persistent efforts. The greatest enemies of the co-operative movement to-day are those of our friends who wish to force the pace, to rush on to quick results, and to advance without consolidating our gains. The development of the movement must depend on the character of the people and on the ability and capacity of the leaders. In one sense, our most urgent and our greatest task is to discover suitable leaders and to train them in the work. But with the best of leaders, we must not expect to conquer the evil of usury in a single generation. Usury has been a topic of discussion in India from Vedic

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times; it has been under regulation since the laws of Manu were promulgated, and its effective control and ultimate elimination are not to be achieved without more efforts than can be crowded into a single span of life.

The great need of the country at this time is sound leadership. It appears to be characteristic of India that while its history is rich with record of religious reformers, and with the stirring achievements of great warriors, it is sadly lacking in economic leadership; and it is economic leadership which is required if ever we are to secure for the masses of this country a higher standard of living. Economic leadership is somewhat unexciting; it lacks the passionate element which gives a bite to politics and fire to a really first class religious controversy. It makes little appeal to the unthinking populace, and it is left to those of us who have seen him at work in the countryside to realize what a difference a born leader can make to a group of villages in ten or fifteen years.

I trust that you will bear with me if I attempt to express briefly my own idea of the duties which must be undertaken by the leaders of the co-operative movement. Our Act enjoins us to register societies which have as their object the promotion of the economic interests of their members, and those members must be agriculturists, artisans, or persons of limited means. In brief, we are called upon to deal with promoting the economic interests of the great mass of the people of India—a truly stupendous task. It is what has been called “the staggering problem of Indian poverty” with which we are called upon to deal. I do not admit that poverty is peculiar to this country or that it is here more intense than in many other places, but it is sufficient for our purpose to admit that the standard of living is deplorably low and it rests with us to attempt our utmost to make progress towards a way out.

It seems to me that the first task is to study the case in detail to analyse the causes and to discover remedies. We must become experts in the rural economics of our provinces, and we must search far and wide for ideas and suggestions that may lead to solutions. It is the economic condition of the people we are concerned with, and it is their economic condition which we must study. The mere number of the people is itself sufficient to show that we cannot deal with each individually, so that one essential is to associate them into groups and these groups into higher groups until we have built up a manageable organization. It is clear that reliance cannot be placed upon the agency of the State alone or of philanthropists for the accomplishment of a task so vast; we must teach the people to help themselves and to help each other; in short, without co-operation there is no hope for the people. Without co-operation, the present low standard of living of the great mass will never be raised to a satisfactory pitch. Many of the people, I admit, can be helped by other means, but not the whole. Whether even with co-operation, the general level will be ever raised to a decent standard is a problem for the future. Our task is to try.

Our policy must be to educate the people to raise their own standard; we must educate them in the widest sense: not merely to read and write, but to know, to understand and to put forth the effort. We must devise ways of overcoming the obstacles, and before we can do that we must study to discover exactly what those obstacles are. We must see what there is available, and what there is lacking. In short, before we can teach the people the way out of their poverty, we must find the way out ourselves and that

involves intensive study of the rural problem. The first qualification, then, of the leaders must be a real mastery of the economic problems of the village. Co-operation must, to a large extent, be adult education. The Agricultural and the Veterinary Departments in their field of work are engaged in the same task of adult education; the Department of Public Health must rely upon the same policy, and I am glad to acknowledge the broad-minded efforts now being made in the same direction by our own Department of Education.

Without adult education of the right type, this problem of a low standard of living will remain insoluble. Progress must be by education. And it is upon education that we must rely for success. Those who hanker after quick results are apt to put their trust in amendments of the Act or the rules, in summary procedure or even in compulsion; but, even at the risk of raising a note of discord, I must give expression to my opinion that there is nothing good or lasting to be gained that way. Our members must do what is right, because they know it is right and have been educated to understand that to do what is right is the truest loyalty to themselves, their neighbours and their country.

Our leaders then must realize that their economic end must be gained through the education of the people: education in the positive directions of better cultivation, better animal husbandry, better buying and better selling; and also in those negative points, abstention from the money-lender, from unproductive borrowing, from waste and extravagance. And here we touch upon what may prove the most difficult problem of all.

The general ideas prevalent in this country are essentially uneconomic. The prevailing customs and sentiments, some fortified by religious feeling, make up a burden beyond their power to bear. We need not seek beyond them for the causes of poverty. Ideas that were suitable enough for a pastoral age when the population was sparse and wild produce of the forest was abundant still hold sway, and to dispel these we must enlist the social reformer on our side. It is hardly sufficiently realized that no European country could avoid bankruptcy if some of these ideas were to spread westward. And there is little hope for a better India unless we can secure the acceptance of more economic ideas on matters of everyday life. It must be freely recognized that our ideal of better living can never be attained without something like a complete revolution in the general outlook. There are millions of people in Germany, France, Belgium and other European countries living upon plots of land as small as those common here; their lives are spent in unremitting toil; as has been well said, they have to live hard, work hard and save hard. It is a question whether the people here are willing to pay this price for a higher standard of life. If they are not, then the causes of that unwillingness must be searched for and exposed, and the attempt must be made to educate them away.

Our leaders must realize that "better living" is the real goal of all our efforts. "Better farming," and "better business" are merely means to that end. Scientific agriculture is an essential means, but scientific agriculture will never achieve much amongst the masses without the education to make use of it. Practice always lags behind knowledge, and it is for us to hustle practice up to a more neck and neck position,

It is also for us to endeavour to ensure that the type of scientific agriculture evolved by the experts is suitable to the economic condition of the villages. We must try to form some concrete idea of what we mean by the phrase "raising the standard of living," or if you prefer it "better living," and must guide the better farming to that end. We must bring all our studies and our knowledge to the village and interpret the lessons in terms which have a meaning to the people. Unless we can do that, co-operation will be but an empty phrase, and our leaders will see all the fruits of their labours consumed by an increase of population. If, however, we can work out concrete programmes understood of the people, then there is hope that the future will see a better and happier India.

I do not think I am stating anything new when I stress the importance of creating a new outlook on life for the people. The extraordinary apathy towards improvement and towards ideas of a steady rise in the standard of living must be fought and defeated. We have ample experience of the attractiveness of the life of serenity and leisured ease. In the Punjab, the efforts of Government to afford opportunity to men to achieve a better standard of living in the canal colonies have been to a considerable extent frustrated by the refusal of the people to work when their simple needs can be met from rents. Many others who returned from the great war with savings have ceased to work at all and have become their own pensioners. Industrial leaders again have ample evidence of the tendency of their workers to leave the mill or the mine when they have collected savings sufficient to last for a period of ease. I need not labour the point as it is too well known to all of you; but we must recognize in this preference of leisure for to-day over better living for to-morrow one of the greatest dangers facing all attempts to raise the general standard of the poorer classes.

It becomes increasingly important that we should attempt to arouse a desire for better living through better farming and better business; for a better life through greater effort and for a better India through self-help. The social reformer must be encouraged to do his utmost to attack the ideas that make for contentment with uneconomic conditions. It is a question whether the people of India respond to economic pressure in the way we find in Europe. It is, in my opinion, insufficiently recognized to what extent our civilization is based upon standards of work, of diet and of female labour forced upon us by centuries of strangling poverty. Europe is far too poor to afford the extravagances which here are accepted without remark.

It may be that our Get-There-Quick enthusiasts may feel some disappointment that my only panacea for the poverty of India is fifty years of hard work, hard study, hard saving, and hard living; but I feel confident that those who have devoted sufficient time to the problem will agree that no other policy holds out such sure hope of ultimate success. Already we can point to definite progress. We are gradually building up a sound system of rural credit which we hope will displace the vicious system which has persisted since the earliest times, and we hope that this Conference will facilitate the further development of this work. We are trying to create credit for the benefit of the borrower, instead of the lender; and we are trying to teach the borrower the right use of the credit which is being placed within his reach. In several provinces, we are now attempting to initiate a land mortgage policy on sound lines, which we trust will go far to abolish the

worst evils of the right to encumber property which everywhere has proved a temptation too strong for the small owner to resist. We are trying to link up our system of rural banking with the better known commercial banking; success in this direction will bring benefit to both. At the moment we are far behind in business methods, but if our education campaign makes good progress we should inspire greater trust in the minds of our more advanced neighbours. For the moment we play the lesser part in the movement of crops, but that will soon be reversed; and the two systems working in collaboration should be able to save much of the waste attendant upon the existing necessity of using actual cash. Some of our friends in the world of commercial banking do not understand how we can base credit upon character and mutual liability instead of tangible and saleable security, and it is for us to prove that this can be done with success. Here again, education is an absolute necessity, as it is upon the right type of education in credit that our hopes must be based.

Then, there is the widely different series of problems connected with development of small industries. Just as with the cultivators so with these, the joint stock banks cannot offer direct help, and we must leave them to the money-lender and the exploiter of labour, or come to their assistance. The financing of these small industries in accordance with co-operative principles presents special difficulties, and we seem unable to travel far without the expert aid of the Departments of Industries which must educate the workers to improve their outturn. It seems to me extremely important that we should develop this side of our activities, for the simple reason that the larger part of the problem of Indian poverty consists in finding profitable employment for the extensive leisure of the people. The ideal of working for half the year and that other ideal of office hours from 10 till 4 will never make India a great country. There must be methods evolved of finding profitable and productive employment for the leisure hours of all adult members of the family. The tiny plots of land which the majority of cultivators attempt to subsist on will not provide whole time occupation for every one, and it is from the income of the spare time that we must expect to earn those extra amenities which make up a higher standard of living. The occupational caste system must go. The cultivators and their families here as in Europe must devote every spare moment to subsidiary industries or to work of a nature calculated to raise the general standard. The raising of the standard of living means greater consumption of commodities or services, and the production of those Commodities or services must find employment for the spare hours. It means a prolonged campaign of education, but it is possible of achievement.

In the above, I am afraid, I have been rather hard on the politicians. I have said nothing about them. I am afraid that there is little likelihood of any one of them putting " fifty years' hard work " as the first plank of his programme, and we must not be too hard upon them if they select something more attractive. They can assist by adhering strictly to sound economics, and by avoiding popular panaceas which only lead to heavy economic loss. They can assist by insisting upon the teachings of experience and research, and by avoiding that indulgence in sentiment which is the bane of progress. They can assist by adopting all measures calculated to preserve internal and

external peace, for without this we shall never develop that feeling of certainty of reaping the reward of extra effort which alone will prove sufficient stimulus. They can assist by accepting and acting upon the doctrine that this country will never advance far along the path to better living without vast expenditure on scientific research, propaganda and education.

India is far too poor a country to be able to afford economy in such matters; a wise expenditure will pay better than narrow-minded cheese-sparing and our political friends can render valuable service in explaining this to the less educated of their followers who demand economic suicide in the hope of a little evanescent popularity. Further, our politicians can serve our movement by leaving it outside their polemics. We want no politics in Co-operation.

Gentlemen, I trust that one result of our deliberations this week will be to encourage us to work yet harder and with renewed faith for the uplift of the agriculturists, artisans and persons of limited means in this country. Of discouragement we have more than enough, and we all admit a goodly share of failures, but I think we all have grounds for hope in the future. I think the reports on progress in different provinces will provide material for an optimistic view. Our best societies show us what can be achieved, and if you consider that every province has something good to show, we ought to be able to multiply the best by careful education. Whatever else, we must always bear in mind that the whole object of the movement is to benefit the individual members of our primary societies; everything else is subordinate to that end, and in our discussions I trust that we shall not allow ourselves to be diverted from the interests of our members to the admiration of some secondary or central body. I trust further that we shall not wander into the controversy of official or non-official control; the man at the bottom is the person that matters; there is work for all, non-official and official; our one wish must be that work be done.—The Agricultural Journal, Vol. XXI., Part 3.

## WHAT CO-OPERATION CANNOT DO.

The possibilities and limitations of co-operative marketing are very generally misunderstood, writes Mr. H. E. Erdman, in a circular of the University of California College of Agriculture. In fact some of its limitations are often heralded as possibilities, whereas many of its possibilities are generally not appreciated at all. Three limitations are set out by the writer in particular :—

1. Co-operative associations cannot arbitrarily "fix" prices, although they can and do exercise a favourable influence on prices.

2. Co-operative organisations cannot "eliminate the middleman," except in the sense of combining the function performed by a number of dealers at any given stage in the marketing process. What they really do is (a) to substitute a co-operative agency for a private, and (b) to combine a series of steps in the marketing process under one management.

3. Co-operative marketing cannot cut costs greatly. That is, a co-operative organisation cannot operate a given business unit any more cheaply than a private concern could operate the same unit. They may, however, cut their costs if they can increase the volume of business over that of the larger private dealers, or if they can operate as efficiently as the more efficient.—The Agricultural Gazette of New South Wales, Vol. XXXVII., Part 8.