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Subject: Economics

Thesis:
The Co-operative Movement in the Punjab and its Effects

I. Khan
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Lytton Library
Muslim University
Aligarh

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Chapter 1
The Theory of Co-operation.

THE MEANING OF THE TERM CO-OPERATION:

"Economics" says Professor Marshall in the opening words of his principles of political economy "Is a study of the man in the ordinary business of life." And co-operation is one way of conducting certain part of this business.

As an aspect of business life co-operation is concerned with freeman in self regulated action. "It is not" says Professor says " a form of charity organisation. The latter is concerned with the sick man as such--while it exists to heal his wounds and send him out whole from the hospital for another venture on the path of free life. Co-operation is to charity organisation as prevention is to cure."

Being not only concerned with business, but actually one way of conducting business, co-operation has a range of activity that is as wide as business of life.

The word "Co-operation" covers every possible form of business -- organisation. Thus the progress of a piece of iron from its bed in the ground to its installation in the workshop as a delicate machine involves a repeated series of co-operation: in the mine; in the warehouse, on the railroad; in the foundry and on the market.

But these forms of co-operations are not the cooperation of our inquiry. They are simply contracts for working together for mutual service. In these forms of co-operation the connecting link is money.

Over and above these relation of money -- ties -- co-operation in the sense that we have to deal with, implies a bond of union.

Undoubtedly co-operation is concerned with conducting of business -- with trade -- but then co-operative societies differ from friendly societies and from trade union.
death, accident, sickness, and old age. Here it differs from
the Credit Society, which teach us a lesson of self help though
self reliance.

Again unlike Credit Society — what concern friendly
society is not its members business but the gains of that
business that is saving. Credit Societies look more to the
conduct of the members as to how far have they learned to be
frugal and thrifty. It care very little for the substantial
gain -- which is the function of Friendly Societies.

Trade Union & Co-operative Credit Societies:

Trade union has a very close connection with the
co-operation, trade — but it is not its function — It is
generally set up with a view to bargain with and it required
to fight out with the cause of the employee one way or the other
Credit Societies resemble with it so far, that they also are
associations of the poor people who are on a disadvantageous
grounds with the money lender just as the worker are with the
employers. But then mark the difference between the two. The
latter is never to wage open war with the capitalist it was no-
thing what so ever to quarrel about with the rich money-lenders.

Some Trading Combinations, (viz trusts, kartel, rings etc)
and Credit Societies:

Some forms of trading combination like trust, kartel
stock ring resemble with Cooperative Societies a good deal. Ther
is very little difference of structure between them. But co­
operative society if it has its true spirit, differs considerabl
from the trust, or kartel. Both undoubtedly seek primarily to
benefit their own members. "But while" says Professor says
"the combination is an association of the strong to become yet
stronger bold and unyielding the cooperative society is an asso­
ciation of the weak who gather together and try to lift them­selves and others out of weakness into strength". Maximum pro­
fits is the guiding motive of the trusts and kartels while

They resemble with each other in many respects. "Joint Stock Company" says a writer "are cooperative society are both union of men who either owe or are in the way of acquiring capital for their business."

"Some cooperative societies can flourish as well under Joint Stock Company regulation. The ultimate criterion of cooperation is this 'the members are free to submit to the benefit of their society on pro rata equally equal terms with those were commercially better than themselves.'"

Some definitions of co-operation -

Kolyoake for instance defined it as "a voluntary concert with equitable participation and control of all concerned in any enterprise". This definition is far from being clear cut. It is very vague and abstract.

Professor defined a cooperative society as an association for the purpose of joint action, originally formed for the work and conducted in such a spirit that all who are therein as on the writer of researches may have his share in proportion to the degree in which they are use of their association.

According to Professor the main end in view is the material gain which could possibly be derived from the association. Association no doubt, but it has a higher ideal of reforming the poor classes by 'co-operating in them the lesson of self help, based on self reliance.

Again Mr. Herrick says "Co-operation is the act of person, voluntary unite, or utilizing reciprocally their own forces, resources or both under their own management to their common profit or loss."

Another writer says that a cooperative society may be defined as a voluntary association of individuals combined to achieve an improvement in their social and economic conditions through the common ownership and democratic management of the instrument of wealth."
of the Co-operative Society that has been adopted by the Co-operative Society Act of 1904. It is as follows:

"Co-operative Society is a society which has as its object the promotion of the economic interests of its members in accordance with co-operative principle, or a society established with the object of facilitating the operations of such a society may be registered under this Act with or without limited liability."

**Your Main Departments of Co-operation:**

There are 4 main departments of Co-operative activity:

1. Co-operative Unions --- usually called Credit Societies.
2. Co-operative Agricultural Societies.
3. Co-operative Workers Societies.

This four-fold classification covers the whole field of activity of cooperation. The first three are the association of the producer --- while the last one is that of the consumers. The first three forms shall be dealt with later on at their proper place. Here I confine my sole attention to Co-operative Unions.

**Co-operative Unions**

Their main function is to supply individual producers with capital on good terms. They are of two kinds:

1. Town Credit Unions
2. Rural Credit Unions

The first is essentially an association of industrial producers, corresponding to the Schulze-Deitrich model. Deitrich was a German, has been the father of town banks. He was a judge and member of Prussian National Assembly of 1848. He studied the working classes. Troubled by the intrigues going on in the assembly, he resigned and thus came to invent a method of his own of raising the common labourer's higher status in life.

The fundamental principle working under this new
capital on good terms was available to these honest and hardworking classes of labourer, much could be done toward the improvement of the social conditions of this miserable population of workers. By the sheer help of capital, they could improve their method and instrument of their work, and thus could better avail of the opportunities in their life.

The object of the credit was, according to Schulze to provide capital necessary for above said purposes -- loan for unproductive purposes, did not enter in to his idea of credit.

But he had also in view that self help was the only source of such credit and that capital obtained by the way of charity had fatal consequences ultimately. Every external interference, it may be of state or some other body that gives money gratis, made the men more and more dependent, thus by degrees leading to degeneration. So the poor rather than be provided with all the necessaries of life, gratis, he trained how to help themselves.

**Chief Points of Schulze Country Banks:**

The Schulze Banks do not recognise on theory any limit of area on which they work, but in practice each bank operates in a small area. It is perhaps for the purpose, that local knowledge and by the member of one another might be facilitated.

Schulze banks, have unlimited liability a principle which gives the maximum of credit possible in the absence of material pledge.

Again these banks compel the admission only of more thrifty people. They bind the members together in a spirit of fraternity.

Lastly they ensure that loans will only be advanced and spent for productive purposes.

**Rural Credit Societies:**

Let us now turn to the other form of credit societies
merchant. He had a marvellous facility for arithmetical calculation even to the age of 80 when he was sick and blind. He did for rural population, what Schulze did for artisans and the labourers in the town.

The model rules of Raffeisen Societies state that "the object of the society is to improve the situation of its members both materially and morally, to take the necessary steps for the same to obtain through the common guarantee the necessary capital for granting loans to member for development of their business and their household and to bring idle capital into productive use, for which purpose a savings banks will be attached to the society."

As in Schulze Delitzsch Societies so in Raffeisen Unions, the principles of action are those of self help, association, solidarity, prudence, thrift and public spirit to which Raffeisen added the selfishness. Further dividends are forbidden under this regime, and all profits go to a common fund to be used for the purpose of general utility.

**General Features of Raffeisen Type:**

The chief features are seven in number. They are as follows:

1. The society is absolutely local and thus limit of area is strictly maintained as it is done in the case of membership and after operations of the society.

2. The administration equally local. Members alone can hold any office and so it is absolutely gratuitous.

3. There is small share capital under this system. All funds are borrowed on the guarantee of solidarity and eventually on the common reserve.

This reserve is formed out of profits made in the business. It is for this reserve that payments of dividends to the member is prohibited.

Then the members who must be the residents of the
As far as possible all funds should be the outcome of local thrift.

**Progress of these societies in Germany and its effects:**

To give a rough idea as to what sort of progress it has made in Germany -- its birth place, and what is its position now, let me give here the number of societies.

In 1905 there were in Germany 10,786 rural banks with a total membership of 951,473 and 1,020 urban banks with a total membership of 586,595. This is the number of the society and banks in Germany according to the latest information available here.

**Their Effects in Germany:**

In the words of Mr. H.W. Wolf in his fascinating work "The People Bank" -- "the transformation effected by this movement may be described thus -- cultivation has been improved industry and trade have been developed, the small cultivators are able to purchase their implements at the cheaper wholesale prices, the usurers have been driven from the field and the peasants have become small capitalist themselves. They prefer to deposit in the society banks, rather than, even, in the Post Office saving bank, because the farmer is their own in which they have a say which keep the money saved in the district to return to them. Their progress in other European countries:

Seeing the marvellous success of the cooperative movement in Germany in healing the most serious disease of misery and dire-poverty of the hard-working and honest population the low classes in Germany, the rest of Europe was also attracted toward the same direction. Denmark adopted the principle of cooperation and soon rose to the envious position of a country with the richest population.

In France the movement has had to encounter much state-interference but the future is quite hopeful.

In Ireland Raffesisen bank have been started in connection with the cooperative movement and had increased rapidly. Irish dairies are running best of all and are using the latest methods.
dairies of the cooperative type have enriched the country.
The genesis of the movement:

The question of improving the rural credit by establishing agricultural banks in India was first taken up in the time of Lord Ripon.

Sir Weddburn, with the assistance of Late Dr. Panace, prepared a scheme for agricultural banks. It was also approved by the Government of Lord Ripon but later on it was dropped because the Secretary of State did not sanction it.

Fifteen years after this, once again some attempts were made by the Government of Madras to inquire into the matter as to how much the country felt the need of agricultural banks and that if started what amount of success could it hope to meet in financing the agricultural industries.

F. L. Richardson later on Sir Frederick was thought to be the only fittest person for this difficult task. Consequently he was appointed to make a proper inquiry on this point and report the whole situation as it was.

In Madras there existed already indigenous societies of banking. It resembled much with Friendly Societies of England.

It provided cheap capital indeed, but it lacked grossly what we may call "the true spirit of cooperation".

In spite of numerous failure and much discredit attendant upon a period of speculation, they attained a considerable degree of success. In 1903 the total number of the members of these societies was 30000 and their paid-up capital was 75 lacs.

Sir Frederick made a very valuable and comprehensive report to the Government. In this report he described different systems of cooperation prevalent in European countries and
the time being, for neither the Madras Government nor the non-official public for some unknown reason did not favour it. Hence no step was taken on the recommendation made by Sir Fredrick. Then followed two famines with in the next few days. In 1901 Lord Curzon appointed a Commission. Its function was to inquire into the causes of these worst famines and to suggest measures by which the 'rayat' might be protected against the ravages of these famines. It recommended strongly that the agricultural credit should be imposed at all costs, and an improvement act should be passed. Under this act the Taqavi loans were made to the 'rayat'. This measure was tried and it was found that the cheap credit alone could not make the agriculturalist get out of over burdening indebtedness and poverty. The real cure of all this trouble was to strengthen the moral back-bone of the agriculturist. That was of course the only effective remedy.

The agriculturists, it was felt, should be trained in self help and thrift along with the provision of cheap credit. The Taqavi loans failed to perform any service to the needy agriculturists because they did not in the least teach them how to stand upon their own legs at the time of adversity. They became rather of dependent nature which was disastrous in the long way.

The famine-commission of 1901 also expressed its view that cooperation in rural area might be useful to secure this end.

While this was under consideration, a volume known by the name of 'People's Bank in Northern India' was published by Mr. Dupernex I.C.S. and a few experiments on small scale were being performed in U.P. and Punjab. Mr. Dupernex was entrusted with a special duty to report on the future possibilities of the success of the cooperative societies in U.P. He with some of the other Government officers also instituted experimental societies in different parts of India.
committee was therefore appointed by Lord Curzon in 1901 under the presidency of Sir Edward to report on the action necessary for the establishment of cooperative societies on the proper footing.

The Committee had the benefit of the advice of Mr. Henry Wolf, the leading authority in England on the subject. As a result of its recommendations, a bill was introduced in the legislative council by Sir Denzil Ibbetson and was subsequently passed as the Co-operative Society act of 1904.

The provisions of the Act of 1904:—

The bill was passed to encourage thrift, selfhelp and cooperation among the agriculturists, artisan, and persons of limited means.

Under this act a simplified form of procedure was prescribed for the credit societies and their status was defined. Societies were divided into two classes i.e. rural and urban --- separate conditions being prescribed in the case of each class. By the act, the local Government were empowered to appoint registrars of cooperative credit societies whose duty it would be to see carefully and minutely the application for the registration of co-operative societies.

The main business of a society according to this act was to raise funds by deposits from the members and loans from the non-members, Government, and other cooperative societies. It was then required to distribute money thus obtained by way of loan to members with the special permission of the Registrar and other cooperative societies.

The main provisions of the bill which became the cooperative Credit Societies Act of 1912:—

With the progress of the movement in India it was found that the Act of 1904 could hardly make provision for the circumstances which had newly arisen. This was brought to the
There was now the pressing need for cooperative societies for distribution. But the existing law could hardly give any legislative protection on this point.

Again with the advancement of this movement, the work of supplying primary societies with capital and making supervision over them came to be taken up by the central agencies such as central banks. These banks ran a great risk because of the absence of any sort of legislation on the point. It was also required that henceforth the division of societies into 'rural' and 'urban' should cease to exist.

The Government of India found that these defects were serious and might in some cases stand as hindrance in the way of further progress of the movement. So it was thought fit to undertake the amendment of the old act. The bill consisting of some of the essential alterations was introduced in the Imperial Council. With a few amendments it was passed by the Council and was known as the Act of 1912.

Chief features of the Act:

(1) Before the passing of this act, societies other than cooperative credit societies could be started only by the sanction of the Local Government. This Act authorised the formation of societies other than credit.

(2) This Act defined precisely the object for which societies were started.

(3) Then the arbitrary division into "rural" and "urban" societies was removed. Instead of it more scientific distinction of the limit of liabilities was put by the Act.

(4) Limited liability was greatly insisted upon by this act by means of a special clause about the registration of the society. The result of it was that the growth of central agencies was facilitated by this act.

(5) It gave power to the Local Government to frame rules, and other bylaws which might lay some restrictions on the dividends being declared by the society and distributing...
up to $100 with the permission of the Registrar from their net profit, ---- (but only after the reserve fund was provided, for) to any body for charitable purposes.

(7) Lastly it prohibited the use of the work co-operative for any society but the registered.

Government concession given to the Societies ---- a great encouragement:

The Government in order to encourage the movement, conferred certain privileges upon the societies.

In the first place, the shares or other interest of members in the capital ---- (it was enacted) should not be attached for their private debts, thus encouraging thrift and giving stability to the operations of the society.

Then the societies were relieved from the necessity of letter of administration or succession certificate.

Again they were given a lien upon certain forms of property when created or acquired by means of a loan from them until the loan was repaid. Lastly the societies and their operations are exempted from income tax.

Maclagan Committee appointed in 1914:

In 1914, it was felt by the Government of India that it could not take the responsibility of fostering and supporting further growth unless it was fully convinced that the movement was proceeding on lines financially and economically sound. A Committee was thus appointed under the chairmanship of Sir Edward Maclagan.

(i) Its inquiry into the working of the movement:

The movement was considered very useful for the amelioration of the condition of the agriculturists and it was thought necessary that it should make a rapid and steady march. The report says that "it is impossible to doubt that it will eventually attain dimensions! compared to which its present size will appear negligible".
far outnumbered the non credit societies. The Committee on this point said "the chief object of cooperation in India is to deal with the stagnation of the poor classes and more especially of the agriculturists who constitute the bulk of the population." The Committee remarked that the form of co-operation were yet in their infancy. Their number was very small as compared with the comparatively vast field occupied by the agricultural credit societies. Therefore some incentive should also be given to them so that they might develop side by side with the rural societies.

Some fundamental recommendations of the Committee:

They are as follows:

1. "Non-credit societies are important and deserve encouragement, provided they spring up spontaneously.

2. It is desirable to reorganise village industries co-operatively but a systematic enquiry into their present circumstances should precede any action.

3. Adoption of Cattle Insurance recommended: the Burma system most likely to be preferred.

4. No primary or central credit societies should be permitted to undertake any liability on behalf of cattle insurance societies.

5. A central cattle reinsurance society is necessary, and Government backing to such an institution is unobjectionable.

6. Mail Insurance societies advocated.

7. Agricultural non-credit societies should ordinarily be annexed.

8. There is no objection to sound non-credit societies being financed by Central Banks.

9. Dealings with non-members should, as far as practicable, be avoided."

Recommendations in connection with Non-agricultural Societies.
2. Liability in non-agricultural societies should only be limited when the clientele are well to do and close mutual knowledge is not easily obtainable.

3. Societies among the poorer urban classes need special encouragement. Government help in the maintenance of an efficient clerical staff is justifiable.

4. Well considered schemes for establishment of mortgage associations for landed gentry likely to be of great value.

Different systems of the compositions of agricultural societies and their capital in different provinces:

The organisation and the agricultural credit societies was a very hard task for the promoter --- at least it was --- a problem more difficult than that of the urban societies. In various provinces various types were adopted for their work. In some the Haufeisen model was set up before themselves, and in some Bassetti type was closely followed by the registrars.

(1) In Punjab, U.P.,

In Punjab, Punjab, U.P. unlimited liability society found favour. Under this system a small fee for membership and share capital to be paid by the members of the societies. The share payment was to be paid by instalments. This system soon after became very popular and spread over practically the whole of India in due time.

Under the same type in some places, the by-laws insist on compulsory deposits from the members before entitling them to enjoy the privileges of a member.

(ii) In Bombay and C.P.

In Bombay and C.P. the system is quite different. There is no share capital there. The members are charged only small amount as fee for membership. Part of the working capital is from the deposit of the members and other sympathizer. But major portion is obtained from the central, provincial and
the presidency encouraged it good deal. They set aside a
certain sum to be advanced as loan to the newly started
societies. This sum was generally equal to the deposits from
members raised by the society.

State aid at present is granted to these societies
only in very rare cases. But it may be marked that this with-drawl
of state help has produced no such effect as discouraging to
any extent. This development is going on in the same way on
on the same scale. The reason there being that now the fin-
ancing agencies such as central provincial bank and other
big cooperative credit unions have been established in fairly
large number through-out the country. So there is no very
great difficulty felt in financing a newly set up society.
There has also grown up a great spirit of public confidence
in the primary societies.

The total working capital according to the latest
information is 16¼ crore in these societies out of 1 4/5 crore
is share capital, 2 1/3 crore reserve 1 crore deposit from
members, 1 crore from non-members and 10 crore from the
central banks. In addition to this ½ crore has been taken
from the Government as an advance.

Statement showing the total of Government money
in rupees held at the end of each year by primary and secondary
societies and the proportion borne by such money to the work-
ing capital:

<table>
<thead>
<tr>
<th>Year</th>
<th>Money advanced in rupees</th>
<th>Proportion to the Working Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>1905</td>
<td>……</td>
<td>…………</td>
</tr>
<tr>
<td>1906</td>
<td>3,700</td>
<td>10.1</td>
</tr>
<tr>
<td>1907</td>
<td>47,300</td>
<td>18.1</td>
</tr>
<tr>
<td>1908</td>
<td>83,350</td>
<td>19.4</td>
</tr>
<tr>
<td>1909</td>
<td>1,23,350</td>
<td>14.2</td>
</tr>
<tr>
<td>Year</td>
<td>Money advanced in rupees</td>
<td>Proportion to the working capital</td>
</tr>
<tr>
<td>------</td>
<td>--------------------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>1914</td>
<td>63,375</td>
<td>0.5</td>
</tr>
<tr>
<td>1915</td>
<td>1,26,529</td>
<td>0.9</td>
</tr>
<tr>
<td>1916</td>
<td>2,07,639</td>
<td>1.0</td>
</tr>
<tr>
<td>1917</td>
<td>1,33,766</td>
<td>0.7</td>
</tr>
</tbody>
</table>

Constitution of an Agricultural Credit Society and its internal management:

The typical agricultural credit society in India corresponds to Co-operative type. The management is gratuitous. The profits are not divided among the members but a reserve fund is made instead, by keeping the whole of the profit for it.

In the Punjab and U.P. share forms an essential part of the system. Here of course the profits are divided among the members after ten years. Even in these Provinces, there is a tendency towards making the profits wholly indivisible.

In villages in the hottest interior of the country there is very little education. The people are generally illiterate.

A great difficulty is felt at a time when no fit person is available for the post of a secretary. In such cases, either some schoolmaster or some paid 'mohir' does the work of a secretary. With a view to meet this demand for in Bombay, Behar and the Punjab classes are started for training the people as secretaries. A little bit of bookkeeping along with reading and writing is taught.

In U.P., the system of granting unions has been very successful in promoting cooperative education among rural workers.

The Managing Committee of these unions is consist of 5 to 9 members. They have one chairman who is always a leading person in the village. There is also one secretary.
deposits. It has to arrange for outside loans, to grant loans to members and to take notice of defaults.

The loans to members are granted in this way. The Normal Credit of every member is fixed twice a year in the general meeting of the society. The society can grant loans to the limited fixed and in no case can exceed it. The secretary keeps the accounts. He has to keep the books in a definite order. They are always open to inspection. All the necessary forms, papers and books are supplied by the registrar. The accounts are audited at least once a year by the auditor.

These official work under the registrar of cooperative societies.

There are inspectors and sub-inspectors who inspect these societies occasionally. They are both honorary and paid. In Burma inspection is held by the guaranteeing unions. The Unions in C.P., Bengal, Behar, U.P. Orrisa, Ajmere carry out the work of supervision. The highest authority in the Cooperative societies rest in the body of the members assembled in a general meeting. A general meeting of the members is held annually. In it the accounts are submitted, the balance sheet passed and the managing committees with the chairman and secretaries are elected. In the same meeting in some of the provinces the borrowing limit of the individual member is fixed as to how could the managing committee borrowed for the ensuing year. Again this general meeting has the power of dismissing the members for misconduct or serious default and to settle the rate of interests for loans and deposits.

All the rest profits of society are annually carried to the reserve-fund which is indevisable i.e. capable of distribution ad dividend.

The financing of Agricultural Societies:

At the very start of the movement, societies were set up in large number and it was growing at marvellous speed. So the problem arose how to finance them. The conditions in
In Madras, central bank was established as back as 1907. Its function was to finance the cooperative societies all over the presidency. Also, some banks were also started at district head quarters so that primary societies could borrow capital with greatest facility. Also a large number of prosperous non-agricultural societies extended their helping hand towards their needy and helpless sister societies in the village and supplied them with capital that they asked for. Government aid was also freely given in various provinces. But with the progress of the movement it was with-held.

In Bombay Presidency the case was quite otherwise. There was no movement toward starting local agencies. The central banks could not take up this responsibility upon their shoulders for two reasons; firstly because the area of their operation was limited and secondly the members of these societies had grown up so large, that it was beyond the means of the central banks to cope with the situation. So under the most urgent need of time a Provincial Cooperative banks was started in Bombay in 1911. It was done with the object of financing cooperative societies all over the country. This bank finances primary societies either through affiliated local banks or through the guaranteeing unions composed of societies.

In 1913 an Apex Bank was started in C.P. It formed a link between the district banks in the province and joint stock banks. This paved the way for the establishment of provincial bank after the type of that of Behar and Orissa.

In Bengal a provincial bank composed of central bank as share holders has been started. In Behar and Orissa also Primary Societies are financed by the "Taulka" and head quarters bank. In U.P. as well, the cooperative societies are finance on the same system.

The Punjab lastly has a local central banking sys-
in the very beginning, so rapid was the progress that Sir Robert Carley apprehended that the chief danger to the cooperative movement was that "we might be tempted to go too fast and out grown our strength". He pointed out further that one society based on a sound basis was much better than a good many faring badly in their own management. But the remark of Sir Edward Maclagan is quite the other on the same point. He says "the progress made has been of healthy and definite character."

Mr. Fremantle and the authority on the subject thinks that "This rate of increase is likely to be maintained for sometimes since the institution of new centres of organisation and control" rapidly spreading the knowledge of the system and over wider and wider areas, facilitating the formation of new cooperative societies.

Any how the rate of increase although considered very high, yet with all this it has not touched the verge of the problem for which it was meant.

Take up the case of Bengal. There are not less than 19631 towns and villages. Of these 11960 are merely villages with population ranging from 500 to 5000. The chief occupation in these villages is agriculture and every one of their midst will contain a cooperative credit society. But at this time i.e. about 1914, there were about a thousand societies in the whole presidency.

It has been remarkably the particular feature of this movement in India that from the very beginning it required state help in a very limited scale.

Another satisfactory feature of it has been that almost all the loans granted were applied in productive purpose. The rate of interest though different in different province was far lower than that of the money lender.

The societies registered under the Act of 1904 were classed as central, urban, rural.
(from 1905-1911) made by the cooperative movement in India.

<table>
<thead>
<tr>
<th></th>
<th>Number of societies at the end of the year 1905-6</th>
<th>Number of societies at the end of the year 1911</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
<td>9</td>
<td>120</td>
</tr>
<tr>
<td>Urban</td>
<td>37</td>
<td>485</td>
</tr>
<tr>
<td>Rural</td>
<td>237</td>
<td>7302</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>283</strong></td>
<td><strong>2117</strong></td>
</tr>
</tbody>
</table>

As for the progress of this movement, may be seen on the next two pages.
<table>
<thead>
<tr>
<th>76.636</th>
<th>52.182</th>
<th>47.503</th>
<th>28.473</th>
<th>117.86</th>
<th>0.726</th>
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</thead>
<tbody>
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<td>59.574</td>
<td>36.792</td>
<td>33.222</td>
<td>2.642</td>
<td>0.878</td>
<td>1.041</td>
</tr>
<tr>
<td>29.190</td>
<td>12.492</td>
<td>11.50</td>
<td>6.38</td>
<td>3.248</td>
<td>2.821</td>
</tr>
<tr>
<td>21.574</td>
<td>12.492</td>
<td>11.50</td>
<td>6.38</td>
<td>3.248</td>
<td>2.821</td>
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</tbody>
</table>

The remarks for 1906 to 1924.
Chapter 111

Particular conditions in the Punjab.

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1. ITS GEOGRAPHICAL POSITION AND ITS EFFECT UPON THE PEOPLE AT LARGE:

The Punjab is completely landlocked province. It possesses no rivers navigable for even medium size craft, giving it access to the sea. It is being bounded on three sides, by countries that offer no markets for its products. The Province in fact represents a densely populated peninsula thrust north west-ward in to a very sparsely populated area.

On the north lie Kashmir, Ladakh, and Tibet and beyond these deserts of Turkistan. On the west are Baluchistan and Afghanistan and beyond these Persia. On the south lie Bikaner and Rajputana comparatively sparsely populated and undeveloped. In all these countries there is not a sufficient number of consumers required to make them valuable markets for Punjab Province. On the east, the U.P. present a rich market. But the two provinces are so similar in soil climate and people that they produce similar commodities and so compete with each other for customers.

The Geographical position of the Punjab has had and must continue to have a very far reaching consequences. Its corner position, amidst comparative deserts, prevents it from having any considerable through trade and deprives its people of the opportunity of acquiring wealth as middle men, and carriers of trade, across its frontier. --- Prior to the advent of the railway such trade as existed was almost confined to Afghanistan and Central Asia from where no durable commodity that could come down to posterity could be imported.

There was practically no trade of importance with Bombay and very little Karachi. The interior of the country is traversed by five big rivers. Before railways spread through the
ought to have some.

Another disadvantage of its position to it has been that from the prehistorical times, right up to the British rule it has been constantly disturbed by foreign invasion, from the north-west. Unfortunately this land because of its rich soil and very good climate, has ever been tempting the hungry hilly-tribes of the rugged mountains of Asia Minor and Central Afghanistan. So centuries of disturbed conditions have served to prevent the growth of those characteristic which in other countries have rendered the accumulation of wealth possible. Foremost among those in the spirit of thrift. There is hardly any idea of thrift to the people in this Province. The Punjab peasant well-known for his improvidence and lack of thrift.

2. SOIL & ITS EFFECTS:

The major portion of the province contains a deep alluvial soil possesses great natural fertility, it yields good crops with very little cultivation, it is less dependent on manures than other soils and does not require the same elaborate rotation. The soil varied from a rich to highly sandy-loam containing very little clay. It requires very little artificial drainage unless its natural conditions have been altered by excessive, irrigation. Again it requires the expenditure of very little capital to bring it under cultivation and to maintain its crop bearing capacity. Hitherto the soil has yielded freely without the expenditure of any considerable amount of capital on manure or improvement so that larger proportion of the province can be reckoned as profits of cultivation.

Unfortunately, however, it is a weakness of human nature that the easy acquisition of wealth restrains the growth of the spirit of enterprise. So there is sufficient ground to believe that the natural fertility of the soil which readily yields a crop to the minimum, of labour i.e. responsibility, in some measure for the backward state of agriculture. Difficulties are forthcoming to bring the soil to full production.
Until the soil of the province shows signs of exhaustion there will be no full appreciation of that feature of agriculture in the old settled countries like the Punjab. To get out from it what is relatively dear, so long as the cultivator can reap a crop without much exertion and without the exercise of much intelligence, he will tend to be satisfied with what nature yields, when nature inclines to refuse her favours—(until some material in the way of human labour is put in) the cultivators would begin to look around for fertiliser that will repay their use. So we may safely say that exertion put-forth by the cultivator tends it very adversely with the aided generosity of the nature. The carefully tended plots around the wells, in Sindh Doab or the terraced fields in the hill may be taken as examples. The 'Ahir', an agriculturist class in the Punjab struggling with the capricious rain-fall and sandy soil of "Revari" are far more industrious than the ordinary agriculturist in rich Lyallpore, where rents are high as in the immediate neighbourhood of big towns or where holdings are small the standard of cultivation is found to be better.

For example in Gurdaspur, "Arains" are in possession of small strips of land. Poor people as they are they have to eke out their scanty living from the same piece of land what they do is that they divide it, further into still smaller bits. They sow potato in one, carrot in other, and some other vegetable in the third. They work so hard upon their land that some how or other they manage to make the both ends meet. The rest of the agriculturists population who possesses fairly big arable land, under, as to how these people are living on the sheer produce of their few "Kanals" of land.

The opening up of the great irrigation work has turned, the desert area and rugged place, into a beautiful wheat producing land. The importance of Montgomery, Lyallpore, Sargodha and Shahpur all due to this factor, other-wise these
by the name of "Jangli".

Another factor i.e. (The gigantic railway work) affected the country and people to the same direction. I mean to putting the people of this country in a position to get their daily meals with very little work. The railway connected different parts of the country with each other.

Before this the agriculture was a gamble because it depended solely on the natural phenomenon i.e. irregular rainfall. But with the opening up of railways and irrigation work, the forces became steadier and the average level rose, higher than before. The cultivators income from the sale of his produce was thus raised by influences and hence his own control. The natural result of it is that the cultivators have become prosperous and better off comparatively. These better condition have brought about in their train, something very harmful to the people, especially to the rural population who are not very advanced. It is the same as already mentioned i.e. thriftlessness which is the bane of life so to say. This habit is in a way the main cause of the great problem of this country that is before us i.e. the agriculturists indebtedness.

People, their mode of living:

The Punjab is fairly populated country. Its population roughly speaking. It is the most prosperous province of India. Every man of limited means however, has his own little land and a strip of land which he inherits from his fore-fathers. There is one thing very peculiar about it and that is its population is mostly in the rural area. Although a sufficiently big country it has as yet a few big towns. Lahore, Amritsar, Jullundur, and Sialkot may exhaust the list of the Punjab towns.

There is very little education in this province but it is fast increasing. The people in the towns and notified area are a bit more advanced. In town the few educated hanker after the Government service while the rest of their fellow citizens pursue
political is controlled by the religious doctrines of one
religion or the other. Even the most private matters like the
duty of husband to his wife of a father to his son, is all
based on the creed they follow. Political laws like inheritance
of property making will and others also derive their sanction
from religion.

Though the country has suffered sufficiently at the
hand of this defective law of inheritance yet people would not
give it up and would cling to it to their last simply because
it is sacred, it is what their great prophet set for them. It
may or may not suit to the conditions of the time, is a matter
of no great importance to them. So much is the force of reli-
gion, that even the choice of profession to be followed, should
conform to the religious sayings and verses of the holy book.
A Mohammadan would actually starve but would not adopt money-
lending or some business involving money lending to any extent
for accepting of interest and giving interest is strictly pro-
hibited by Islam. So shop-keeping or the trade as, whole is in
the hands of the, hindus, while agriculture, handicraft, and
wage earnings in that of Mohammadans and Sikhs. It is peculiar
to this country that in spite of the fact, that people in dif-
ferent walks of life are interdependent, other in fact, yet,
there is no unity of interest. Both the trading class and the
handicraft people, feel as if their interests conflict with
each others. Thus rather than mutual help and mutual understand-
ing, there is a great apathy between the two peoples. One wants
to engulf the other in no time. The money-lending people and
trade men being very clever and wise, have been from the very
beginning very economical and thrifty and hence they have saved
a large capital of their own. Because of this immense in their
hands, most of them have taken to money-lending exclusively.
They lend it mostly to the land-holding classes because their
credit is secure. There being no mutual sympathy between the
after disposing of the whole of their landed property. Seeing this state of things the Government interfered and passed a land act known as THE PUNJAB LAND ALIENATION ACT. By this act the Government has divided the whole population into agriculturists and non-agriculturists.

The Punjab Land Alienation Act:-

The act provides that a member of non agriculturist class can not buy an arable land from an agriculturist. It further provides that in execution of a decree for loan, the land under cultivation can not be attached, or sold for the liquidation of debts. Thus has the Government, by a long way secured the disadvantageous position of the land-holders against the aggressions of the unscrupulous money-lenders.

Agriculture as the Dominant Industry of this Country:-

The rural population follow only one industry -- agriculture, all others excepting “sahukara” are subservient to this chief industry of the Province. In a way the whole of the Punjab is inhabited by the people who reside in the villages. They follow agriculture as there is no other industry available to them in that area. So it is quite reasonable if one may hold that the Punjab is a country of the agriculturists. The system of agriculture is peasant proprietor-ship. Every cultivator is generally the owner of that piece of land on which he works. There are no big land-lords and taluqa-dar here like those of U.P. and C.P. The owner himself works upon it. In some cases, the land with the cultivator has been so greatly reduced in size because of the free play of defective Hindu Mohammedan inheritance laws, that the land-holder has to incur heavy debts along with his yearly income from his land to meet his expenditure, which is laid out for the upkeep of his family. For meeting this extra-demand which occurs frequently he has to depend upon some body who should lend him at such a time of difficulty. The sahukar is the only accessible source to
sees that the debt of the money-lender has risen to such a point
that he would be able to get rid of it only by mortgaging his
small piece of land or by disposing off all the moveable pro-
erty including his cattle and other live-stock.

The agriculturists in the Punjab, perhaps all over the
world are not very thoughtful and considerate. He never possesses
the head to budget out the amount of capital necessary for his
expenditure in the following year and at the end of the year he
seldom sees to the balance between his expenditure and income.
It is the characteristic of the Punjab peasant, that he is
economical in small things, while spendthrift rather extravagant
in matters of greater importance. "

goes a well known saying in the Punjab about these people. An
immediate result of these things is that the farmer in spite of
his very hard work, is involved in debts that swell up in
end to an unimaginable volume.

4. AGRICULTURAL INDEBTEDNESS:

Some of the other causes of Agricultural indebtedness in the Punjab:

Before going on with the causes of indebtedness, I should first trace in brief the history of this problem. A

There is no doubt that for centuries land could not form a basis of credit in this province.

The same unsettled conditions form a great check in the way of accumulation of wealth. For thrift and saving there
There is seldom a surplus from which savings can be effected and accordingly there is little chance of repaying a loan if it is obtainable.

Hence a wide-spread debt was impossible because

(a) there was little accumulation of capital to lend,

(b) there was little surplus from which the loan could be repaid. (Here we should mark that this lack of surplus was due partly to the un-progressive and partly to the exorbitant rate of land revenue at that time)

(c) there was practically no security to offer, and

(d) there was no sure means of enforcing recovery against a recalcitrant.

With the advent of the British rule came the introduction and maintenance of law, and order, the levy of an equitable system of taxation in accordance with easily ascertainable principle, the recognition of private right in property even against the state. There came also, the systematic recording of those rights in property will cheap facilities for transfer with in the custom of the locality or of the race. All essential of sound credit, that it was possible for a Government to restore, were present.

The land far from being a burden entailing the satisfaction of a crushing state demand became a valuable property. Improved communication opened up new markets for the sale of surplus produce. A bumper crop instead of being almost calamity became a source of enhanced wealth. Further, the introduction of fixed laws and general security, rendered the land available, as an ultimate security for loans still another factors of great importance was the growth of money economy and the increase of wealth as trade developed. In early days the money lender did not advance large sums for several reasons.
freely. These people finding that the village was a better ground to try their luck as compared with the town, came down to it in crowds. The number of bankers and money-lenders returned at the census of 1901 was 53263 and at the census of 1911. The money-lenders made big fortunes in this business of their, in a short time. As soon as a money-lender found that loan to a particular farmer had assumed such a shape that it was beyond his limited means to repay it, he made the borrower to mortgage his land to him (money-lender). The writer of the early reports admitted that "once in possession the mortgagee adds loan to loan, and interest to interest, until, the mortgager or his descendant becomes involved beyond the power of extrication by ordinary means and the creditor becomes "de facto" if not in name the proprietor of the estate."

An official inquiry shows that 90% of the money raised by the cultivator is generally for unproductive expenditure. "Credit" says Mr. Calvert I.C.S. "is notoriously double edged."

"The story of the Punjab fully corroborates, Professor Gide's comments. That 'credit holds up the land owner as the rope holds up the hanged man' says a writer."

"Unfortunately" says another writer "the Punjab cultivators have now fully realised the truth of the warning of Schulze-Delitzsch to have nothing to do with the man who would offer the deadly gift of easy credit."

To sum up the causes of indebtedness of the agriculturists may be put as follows:-

(i) Disease and over population:-

The country is traversed by five rivers throughout its length and breadth. The vast area along the banks of these rivers called 'Bett' has a very fertile soil and hence grows abundance of crops. For the same reason this area which is 1660 miles of river-length has a population over a million. With all these beneficial effects of irrigation, they cause an increase in population with a result of overpopulation and consequent poverty among the cultivators. The money-lenders flourish in this business. As soon as a money-lender finds that loan to a particular farmer has assumed such a shape that it was beyond his limited means to repay it, he makes the borrower to mortgage his land to him (money-lender). The writer of the early reports admitted that "once in possession the mortgagee adds loan to loan, and interest to interest, until, the mortgager or his descendant becomes involved beyond the power of extrication by ordinary means and the creditor becomes "de facto" if not in name the proprietor of the estate."

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October an able bodied man who is not suffering from fever. "A strong body" as a Punjabi proverb runs "Is above infinite wealth"; and certainly for the small holder whose only chance of keeping his body and sole together is his unceasing work, Wealth is impossible without it.

In the "Set" holdings are not only small but even those smaller than in the country round. Along the river Beas in a part of Dasuya tahsil there are eleven hundred seventy six (1176) to the cultivator square miles and along the river Ravi in Gurdaspur the dencity is over one thousand.

"In Firozpur the Set is water logged with debt" says M.L. Darling.

In Ludhiana the debt is 20 times the land revenue.

(ii) Extravagance:-

Another factor that has ldd the Punjab peasant deep into debt is extravagance and waste-ful-ness. In 1889 the financial Commissioner of the Punjab found that out os one 6500 cases of alienation 1/6 were due to extravagant expenditure thoughtlessly incurred. Hardly any one district of the Punjab escapes this change."Ferozpur is notorious and Sialkot is as bad. The "Fari Jats"along Bejanaur borders are famous for their funeral feasts and those of Palwal near Delhi for their love of spending levishly on marriage.

Again round Amritsar mortgage can often be traced to dissipation and drink. Near Lahore the"Arain-normally", the most frugal of the men is so extravagant at the time of marriage and other such occasions that the Arain Co-operative Societies of the neighbour-hood have been forced to limit expenditure at marriage and dealt by rule and punish breach by fine. Owing to this extravagance we find that debt in the Lahore tahsil is 22 times the land revenue.

(iii) Litigation:-

Besides extravagance and several other
filed in the Punjab averaged over 188000 and the number of persons brought to trial 268000 of the latter 188000 were acquitted or discharged which shows that crime and criminal complaint have very little in common litigation is described as "a notable features of the three district". Ludhiana, Amritsar, Jullundur. Further west owing to the factions and feuds of the people it is equally prominent and all From Attock to Huzaffargarh litigation and debt would appear closely allied.

"To people" says the settlement officers of Mianwali who are not only delighted to take advantage of the smallest chance of joining affray or trying their strength, but are also desperately fond of civil litigation. The years of plenty offer an irresistible temptation of spending money in connection with cases which in the long run prove utterly ruinous to many of them.

The cost of all this litigation is considerable. Over "25000000 persons" says Mr. Calvert I.C.S. "attend the court every year either as a party or as a witness to a suit. In this way according to Mr. Calvert something above four crore of the rupees is wasted in this process.

(iv) Small holdings:

Still another cause of the same -- indebtedness may be put as small holdings in this province. The average peasant proprietor in the Punjab holds so small a peace of land that he can not afford to support himself and his family decently by the income of this land. To illustrate the same by actual facts and figures, the total cultivated area is about 29 million acres. This is divided into over 10 millions holdings.

The census report shows that there are over four million proprietors amongst the population of this province. The average revenue paid is Rs 10 or Rs 12, the average area being some what less than 7 acre.
the average holding is 4 acres.

The natural consequence of this small holding, is that the cultivator has to depend upon money-lenders most of the time for their simple and bare subsistence. In a way the small holders whose land is not generally more than 4 acres in size can not do without the help of the money lender who always charges high rate of interest and along with this who uses several other unfair methods to extort the little money that a petty farmer's pocket contains.

(v) The malpractices of the village moneylender:

They are as follows according to A.V. Darling I.C.S.

(a) "An anna is deducted from every rupee advanced and interest is charged upon the whole amount

(b) When the balance is struck, the debtor is forced to go before the Sub-Registrar and state that he has received the whole amount in cash though most of it is accumulated interest.

(c) Debts are misrepresented in the ledger by entering inferior grain as if they were wheat

(d) No interest is allowed on repayments in kind and not as such as is done on credit in cash.

(e) A full year interest is charged on a loan though the latter may only have been taken a few months before the balance is struck.

(f) Accounts are kept in such a loose and unintelligible way that interest can not be separated from the principal

(g) When the balance is struck a considerable confusion is caused in totalling the accounts. $7 \times 7$ is shown as 59 rather than as 49 to the illiterate farmer, though in actual facts it comes to 49. Instead of 79 the money-lender enters in his book 89 and he shows to the farmer as 79.
high rate of interest for the payment of his land revenue.

Concluding remark:

All these different factors and contract upon each other and the net result of it is that the Punjab agriculturists are buried deep under the huge debts. Thus it may seem clearly from some of the figures given below as to what is the general condition of the hand holding classes of this province.

<table>
<thead>
<tr>
<th>Place</th>
<th>Debt per acre</th>
<th>Lacs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firozpur</td>
<td>Rs 32</td>
<td>Rs 700</td>
</tr>
<tr>
<td>Amritsar</td>
<td>Rs 66</td>
<td>Rs 480</td>
</tr>
<tr>
<td>Ludhiana</td>
<td>Rs 49</td>
<td>Rs 348</td>
</tr>
<tr>
<td>Lahore</td>
<td>Rs 31</td>
<td>Rs 339</td>
</tr>
<tr>
<td>Jullundur</td>
<td>Rs 50</td>
<td>Rs 329</td>
</tr>
<tr>
<td>Gujrat</td>
<td>Rs 25</td>
<td>Rs 250</td>
</tr>
<tr>
<td>Gujranwala</td>
<td>Rs 11</td>
<td>Rs  6</td>
</tr>
</tbody>
</table>
Chapter IV
The condition of other industries than agricultural in the Punjab before the introduction of Co-operation.

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1. INTRODUCTORY REMARK:-

Uptil now I have been devoting my attention exclusively to one chief industry of this Province i.e. Agriculture. But I think full notice can not be done to my subject (Co-operative Movement in the Punjab) until I draw a rough sketch of some of the other important industries in the Punjab and show as to what extent do they all stand in need of this movement. In this connection I will take up five chief industries viz cotton industry, wool industry, paper industry, wood work and iron and steel work. I will treat each separately and then show that all of them have one common trouble i.e. lack of capital.

2. COTTON:- The hand industry:-

Not-with-standing the great revolution affected by steam in the cotton industry, hand weaving still holds its place as the premier handicraft of the Punjab. It provides roughly speaking 5% of the population with their daily bread.

The following table gives the number of the workers in this trade in the selected district in 1901.

<table>
<thead>
<tr>
<th>City</th>
<th>Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sialkot</td>
<td>61715</td>
</tr>
<tr>
<td>Hoshiarpur</td>
<td>62082</td>
</tr>
<tr>
<td>Jullundur</td>
<td>47788</td>
</tr>
<tr>
<td>Lahore</td>
<td>40603</td>
</tr>
<tr>
<td>Amritsar</td>
<td>46165</td>
</tr>
<tr>
<td>Ludhiana</td>
<td>19914</td>
</tr>
<tr>
<td>Delhi</td>
<td>9543</td>
</tr>
<tr>
<td>Gurgaon</td>
<td>18704</td>
</tr>
<tr>
<td>Shah Pur</td>
<td>27060</td>
</tr>
<tr>
<td>Jhang</td>
<td>24409</td>
</tr>
</tbody>
</table>
The weaver class includes a small proportion of recruits from the lower orders of the population such as "Megha", "Mochis", "Burwala", "Mhangi" and other, but the majority are Mohamadan "Julahas". Another class of weavers are Kashmiri immigrants. They are very highly skilled people in this art. They do best work, for which 'Amritsar' is noted. Ludhiana owes a good deal of its prosperity to their inherited skill and industry. Let us now survey the chief centres of this industry in the Province.

To start with the Sialkot District in Sialkot city itself, there are 600 looms of which 400 belong to Kashmiri and 200 to 'Julahas'.

"Gondal" and "Juggo-Chak", the two well known places in this district have 150 each. The industry is in a bad condition in general. The weavers have set their children to work as mason, or carpenters.

"Eatala" with 150 looms is the only locality of note in this connection in District Gurdaspur. The craft is on the whole worse off than even in Sialkot. At one time much 'khaddar' was exported from this tract to the 'Kangra Hills' but the trade has long ceased.

The Hoshiarpur District on the other hand sends large quantity of this stuff to 'Peshawar' and even to Afghanistan. The most important centres of its weaving trade and industry are 'Jaigon', 'Khanpur' and Tanda.

West-ward in the Jullunder District, 150 looms are found in each of "Rahin", "Kartarpur", and "Nakoder". 'Khaddar' of 'Nikoder' possesses a special reputation. Jullundur is now losing its trade even in 'lungi'.

Ludhiana City has 350 workers engaged in the manufacture of 'lungi' and 'patka' for the Indian army.

In Lahore the number of the weaver was 900 according to the census of 1901.
'Jhang Mangiala', 'Chinioet', and 'Shorekote' have 600,050 & 80 looms respectively. Here the industry is fairly stable. At one time there was brisk export of khaddar to Afghanistan and Khrasan but the demand has greatly decreased of late.

In the Multan District the industry may be described as flourishing. Multan city has 1500 looms and forms the largest cotton weaving centre in the Province. It exports its 'lungis' to the eastern districts of the Punjab and its "susi" to Kohat and Bannu.

As regards the general condition of the weaver, in all places, even where there is flourishing trade it is miserable. The weaver is everywhere ignorant and impoverished and earns a bare subsistence. He is almost without exception, under the 'thumb of the capitalist.' Even if the yarn, he weaves is legally his own, it will be found that he has bought it on credit from a shop-keeper to whom he is bound to sell the finished product. In rare cases for example in some of the villages of the Sialkot District he may be found working independently with his own scanty capital of Rs 10 or 15.

In Multan, Mianwali, and Ludhiana, he is said to earn from five to twelve annas a day, in Hoshiarpur his profits go never beyond eight annas, while in Gurdaspur and Jullundur they are as low as between three and four annas a day.

This rate of very low profits to the craftsman indicates that the industry is on the verge of ruin. It has been reduced to this miserable condition because of the foreign competition in the first place and secondly because there are no organisations in sufficient number to finance them. The poor craftsmen have to depend upon the money lenders who want to "ruin them up" rather than help them. To the help of cooperative society is essentially required by it.
3. WOOL INDUSTRY:

The Punjab is the only province where the indigenous wool industry is of any importance. The Hindus consider it ceremonially pure and have been acquainted with it from the remotest times.

As to the raw material there are over 4½ millions of sheep in the province. Of these the largest number is found in Mianwali, Kangra, Shahpur, Lahore, Firozpur, Multan, Montgomery, Attock and Dera Ghazi Khan districts.

It is also imported in large quantity from Bikanair, North Western Frontier Provinces, Tibbet and Persia.

The best quality of it is 'Kirmani' wool called 'Wahab Shahi Pasham', which is imported from Persia. Next in order of excellence comes the wool of Bikanair which is the best for the manufacturing purposes.

The chief wool markets of the Province are Fazilka, Lahore, Multan and Darya Khan. Fazilka is the enter-pot chiefly of Bikanere, Jodhpur, Hissar, Patiala and Bhawalpur. There are three presses in Fazilka.

Multan is the market, for the produce of the surrounding districts. There are five pressing factories of which two only are at work. The wage for washing, drying and cleaning is three annas to four annas.

This industry may be divided into two heads ——
Factory Industry and Indegenous Industry.

NEW EGERTON WOOLEN MILL:

The factory industry of the Province may be represented by the new Egerton Woollen Mill limited of Dhariwal. It was established in 1882. It has now a capital of six lacs of rupees and equal amount is in preference shares. Its annual out-put of manufactured goods is 11000 maunds. The army, police and other departments of the Government are large purchasers of woolen goods.
more skilled artisans comparatively, monopolise the manufacture of the better quality of fabrics. The variety of articles produced are, blanket, barbi lois, pattus" flannel, "namadas" shawls and hosiery.

Blankets are largely produced in the tract between Jehlum and Jammu. Pattus are specially of Kangra. "Chaders" and 'lois' are produced in the Chakwal. tehsil, in the Gujrat District — particularly at Jalalpur and in the Gurdaspur district at Sujanpur and Dera Baba Nanak.

The profits of the industry don’t exceed 4 annas a day in Jhang to, 6 annas in Jalalpur and 8 annas in the Hoshiarpur district to individual worker. They are everywhere in the decline as the hand weaver find it exceedingly difficult to compete with the cheap articles of Europe.

The Industry received a great impetus from the swadeshi movement but increasing competition is already reducing profit. The condition are from bad to worst. The middle man levies a heavy tax on the industry. This industry also stands in need of improved methods and appliances. So some sort of measure should be adopted for the betterment of the deplorable lot of this most useful industry.

Various methods are suggested by different people to cope with the problem. Some say that the Government should give bounty to this industry so that it may quite well stand the foreign competition.

The others suggest that it should be given protection against foreigners by levying high import duties on the foreign woolen goods.

But I think the true remedy lies else where. The industry lacks capital in main, so in order to cure this trouble co-operative credit society movement would best serve the purpose. It will lift the poor worker in this industry from his low status of life because it is a movement which besides providing him of capital...
4. **PAPER INDUSTRY:**

The indigenous paper industry of the Punjab was brought from China by the Muslims a thousand years ago and is in its death bed and cannot be saved.

It was first set up in the suburbs of Sialkot on the bank of a rivulet call "The Aik", which passes through the city. Eight lacs worth of paper was made here annually in the days of Mughals. But now there are only 28 miserable factories with a yearly out-turn of twenty thousand rupees.

Some five factories at Jalalpur -- Pirwala in Multan District complete the list of the places where this industry is being carried on in this province.

Among the causes that have contributed to its downfall, the most important are the foundation of modern mills in the United Provinces and Bengal and a large import of wood pulp paper from Europe.

5. **WOOD WORK:**

The carpenter is one of the five necessary menials of every village in the Punjab. He renders important aid to the dominant industry of agriculture. In the village he makes carts, shapes the plough and builds the house of his patrons. But in towns his activities are more highly developed than in villages.

His number in few of the representable districts is:

<table>
<thead>
<tr>
<th>Village</th>
<th>Number</th>
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<tbody>
<tr>
<td>Sialkot</td>
<td>7469</td>
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<tr>
<td>Amritsar</td>
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<tr>
<td>Hoshiarpur</td>
<td>5552</td>
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<td>Lahore</td>
<td>4839</td>
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<td>Gujranwala</td>
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<td>Karnal</td>
<td>4271</td>
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<tr>
<td>Gurdaspur</td>
<td>3594</td>
</tr>
<tr>
<td>Jullundur</td>
<td>2998</td>
</tr>
<tr>
<td>Kangra</td>
<td>1750</td>
</tr>
<tr>
<td>Gujrat</td>
<td>1730</td>
</tr>
</tbody>
</table>
the artistic work of wood carving and inlaying, and making furniture and producing things of daily use like walking sticks, combs, carts and carriages and boats.

Artistic work is commonly found in the Jullundur district, Hoshiarpur, Chenote and Bhore. Carved and inlaid trays, picture frames, tables and numerous other articles, well joined and well finished are made and exported all over the country.

Chenote is well known as the home of the Mohammadan style of carving. Here is wrought an inlay of Brass in "shisham" wood.

The local workers, here, about 140 are all Mohammadan of various casts. They ply their trade singly or in small factories under a master-carpenter. Their wages range from rupee one to rupee 1/8 a day. The "shisham" wood is used for artistic work.

**Furniture:**

Plain furniture of European pattern, is made in almost every cantonement and large city of the province. In Lahore for example, there is a dozen of work ships large, and small, in Multan five, and in other stations in proportion of the demand and other necessary conditions which might give rise to them.

But Gujrat city, Kartarpur and Sialkot city have their a special fame for its goods, and the excellence of their finish. Of the furniture made at Gujrat is superior to all. There are three large and eight small factories in Gujrat city. The largest factory here employs 30 carpenters and six miscellaneous artisans such as polishers and others. An ordinary artisan earns about Rs 30 per mensem. Most of the firms work with borrowed capital.

Kirtarpur, though not equal to Gujrat; has a good reputation for cheap and well finished office furniture, such
Walking sticks are made at Wazirabad, Hoshiarpur Gujranwala and other places. At Nizamabad there is also a considerable trade in canes, with silver or horn handle. The industry is capable of development but there is a lack of organisation, enterprising men and of capital.

Combs are largely used, in the province particularly by the Sikhs. There are 120 artisans in Amritsar, 60 in Delhi 50 in Lahore, and 90 in Shahpur according to an inquiry made in 1923 by Mr. Caunter. The workman can turn out from 20 to 30 combs in a day and earns from 4 to 8 annas.

Cart and carriages:— The country cart is made everywhere in the province. At Lahore for example there are 25 factories while the village s round about Gujrat city export cart wheels in large number to the Attock district. There is also an expanding industry in carriages of European style. A number of factories make vehicles such as Tumtums, cabriolets and victorias in Lahore Ambala Jullundur and other such important places.

The Punjabi artisan is skillful and ingenious, but his strength is mostly wasted because of the want of improved methods. Further there is no organisation at all for introducing improved tools and machinery among the artisan. Some sort of society or some industrial school there should be, which might keep a good collection of these and lend them from time to time to the artisans. This function can be most advantageously performed by the co-operative movement in the province which has of late begun to supply capital to the other industries than agriculture.

6. IRON AND STEEL WORK:—

The iron ware usually made in the Punjab are

(1) ordinary agricultural implements such as plough shares and scythes.

(2) Common hard wares like door chains and
(6) Trunks and boxes and other miscellaneous articles.

As to agricultural implements they being the rudest and something of greatest importance to the cultivator are made in every little village by the village blacksmith. He is paid for it not in coins but in kind. The price is regulated by the customs and traditions of the place. The exact profits of the village-blacksmith can not be determined.

The manufacture of common hardware is mainly carried on by the town blacksmith. Chain axe heads, nails and fry pans are made in every district for home consumption and at places like Jullundur, Batala, Gujranwala, Sialkot and Multan.

Cutlery is the speciality of Nizamabad, a village at a distance of two miles from Wazirabad. It is also done at Sialkot and Bhera but to a much smaller extent. The Census of 1901 showed that there were 46 knife and tool-makers in Lahore and 30 in Amritsar.

In Nizamabad there are 125 families of blacksmith, many of whom have taken two service abroad. There are about 25 workshops giving employment to 100 men at this place.

At Bhera there are 20 workshops for cheap cutlery which is exported to Peshawar and Multan.

The firm of Shivdeo Singhumberio & Co. of Sialkot is of India wide fame. They make surgical instruments. Their manufactures have been certified to be of great excellence by many distinguished medical officers. With all their up-to-date methods of production they can not compete with their rivals, outside India who always undersell them because of the benefits accruing from the large scale production which is their common method of production.

Locks: Two kinds of locks are made in the Punjab. The first is a local variety with a screw key and the other an imitation of the English lever lock. The chief centre of lock
trade is in the hands of the "khoja" shop-keepers who export the manufacture of Jullundur to Rawalpindi, Peshawar, Ludhiana Multan and Sukkur. They generally supply the raw material and pay piece-wages but where the "Lohar" uses his own material they buy his locks at Rs 4 to Rs 12 a hundred.

**Trunk and boxes:** Steel trunks and boxes are made in Amritsar, Lahore, Multan and most of all in Sialkot. They are also produced in small quantities in several other places like Wazirabad and Ludhiana. Trunks are made in 25 factories at Sialkot. Each of these factories contain at least 25 workers and 5 or 6 painters who paint the trunks and boxes in different colours according to the fancy of the purchaser.

The iron industry of the province is handicapped by the scarcity of fuel as well as of raw material. The prosperity of Indian agriculture is closely connected with the efficiency of the blacksmith. The railway and canal work-shops have done much to raise the general _izhar_ level of the scale. But this is not enough, because with all this it can not meet the large demand of the country adequately.

**CONCLUDING REMARK**

Each individual industry that I have dealt with in this chapter, leads me to one conclusion. It is that all of them because of their financial condition not satisfactory and can not help crying for the help of the cooperative societies which is extended to them but not an insufficient quantity.

As agriculture, so other industries are necessary for the general welfare of this province. They are the two wheels of a cart. By neglecting either, the country would suffer greatly. The Government should have undertaken to protect them against the exploitation of the foreigners but she neglects them purposely. Hence it falls to the lot of the co-operative societies, to wield this difficult problem.
Chapter V
Co-operative Movement in the Punjab.

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Need for it in this Province:

My last two chapters one way or the other, throw a sufficient light on the general well being of the people in villages as well as in the towns in the Punjab. From all this one is naturally carried away with the impression that leaving aside India the Punjab proper which is regarded as the most prosperous province is not saved from the infection of poverty and misery. The chronic of indebtedness is having her own way not in every province but in every district and further in irrigation work every village of it. The development of small system did something to redress the trouble, but the villagers ignorance and improvidence could not derive full benefits out of it. The wealth, which rising prices and increasing production brought was sucked back by the money lenders and other clever people of the towns such as lawyers and traders.

The Punjab land alienation act, was passed to remedy the evil by way of experiment but of no avail. In fact something else was needed then a legislature-act to free the cultivator from the tight grip of the Indian Shylocks.

"Find Raiffeisen" said Sir Fredrick Nialkson in his report on Cooperation "and the situation is saved".

As a result of this report the first cooperative society act was passed in 1904. With the passing of this act cooperative credit societies began to be set up in various provinces of India and so in this province also.

Some difficulties in the beginning:

The difficulties in the way of this movement's being started properly were several. But fundamental set backs were the dire poverty and utter ignorance of the people amongst
would certainly drive them out of their profession. Hence they strained their every nerve to retard the progress of the movement. He actually hired men and started propaganda against it. Through these, he was successful at some places in making it unpopular at the outset. It was perhaps due to the money lender’s work, that in the year 1916 when a meeting was held in the remote village in the hills of Kangra to explain what cooperation meant, that the village-folk thought that it was some dodge of “Sirkar” to get their land and money. And one man actually kept asking “what share will the Sirkar get out of the profits”. It took half an hour to persuade him that it got nothing. Any how in the teeth of all this opposition a few societies were established in 1905. Mr. Willerforce was then the Registrar of the Cooperative Societies. He took a very keen interest in this work. The type of society introduced was Iazzati model and not the Hafffeisen model according to this type, every member is required to become a share-holder He pays for his share by instalment, spreading over a period of ten years. Deposits are recovered from members as well non members. The capital thus collected is further lent to the members on moderate terms. As soon as the fixed period of ten years is over, the share capital is generally with drawn. In some cases it is left with the society. Under this scheme what is done further is that \( \frac{1}{3} \) of the profits is credited to the member. Before 1912 a dividend in cash was allowed by the type bye-laws, but it was in fact offered to the real spirit of cooperation because if things were allowed thus it would of become a combination profit sharing firms. At first the societies were divided into rural and urban societies but later on with the passing of the second cooperative societies act 1912 they came to be classified as societies with limited and unlimited liabilities.

Composition of village society:-
have already referred to. The members are selected among those people who are of good character and are quite fair and honest in their dealings. There is one secretary elected in the first general meeting of the members. He conducts the whole business of the society. He keeps up the registers and has conduct, correspondence with the town bank and rest of it. There is also a cashier, and president of every society. The president is either elected in a general meeting of the members or appointed by the managing committee. The duties of president are to direct other members to perform their respective works alright. Further he is required to keep the account of the society, collect money and recover advances.

The Working Capital of the Society:-

The working capital of a village credit society is made up of the owned capital of the society (consisting of share capital entrance fees and reserves; the deposits of members and non members, specific loans from individual or bank) and of the reserve fund.

Central Banks:-

The business of a village society is normally conducted upon the basis of the local deposits being adequate to meet local credit requirements. But sometimes some extraordinary events come in, for example demand for money is greater than what is with the society, or that the deposits are abundant and demand insufficient. Then the help of bigger and better organisation is required. At such juncture a rural society operating over a limited area and with very limited resources can not work properly. For such times central banks are set up in every district town.

There is no intermediary link between the central banks and societies in the Punjab. The central bank proper finance the societies on the recommendation of the Registrar Assistant.
The supervision of the societies is carried on by the directors of central banks, and by the members of union committees and by the paid officials. (Note: unclear word)

The central banks may be divided into two classes:

1. The Central Banks proper in which the individuals hold all or most of the shares.
2. The central banking unions in which all the shares are held by the societies.

The union is registered as a society with limited liability and mutual guarantee is effected by the rule that all societies constituting the union shall be liable for any default by a society in the repaying of a loan recommended by the Union to the extent of loan from non-members held by each of them in the course of the preceding year. The Union generally has a paid Secretary. According to the Report of the Maclagan Committee, "the Unions are best suited for Indian conditions and they have a great chance of success". The Committee adds, "one of the critical problems in India is the size of the country and without some methods of increasing the size of the individual unit with which the controlling agency has to deal and at the same time of arranging for that unit to undertake work which would otherwise fall on a paid staff the task of adequate supervision is rendered extremely difficult. We consider the system as established in Burma to be feasible and full of promise. We should be glad to see a system of this nature tried in other provinces and we look on this as one of the most important recommendations".

The real work in the central banks is done by the honorary managers who are usually local professional men. The banks have no inspecting staff under their own direction, but contribute to the pay of the ordinary inspecting staff appointed by the Government. The district officer is as a rule the President of the bank. No aid is generally given by the Governor...
of their paid up share capital and reserve, the deposits of members and their credit at the banking centre. There are no debentures in the Punjab. The deposits are mainly supplied by the middle classes and are generally local. The reserve funds of societies are not deposited in the banks excepted in so far they are invested in the central bank shares. The rate of interest on deposits is ordinarily 6%.

Advance of loans:-

Individuals are not eligible for loans in any of the central banks. The loans are generally for these three years with or without instalments for repayment. The loans are secured by bonds only and rate is always 8 percent. Mortgage are unknown cash credits are not given to societies.

The Punjab Provincial Cooperative Bank limited:-

Uptil 1924 the work of financing the primary societies was vested in the hands of Central Banks as I have already said. But this system of financing the societies lacked solidarity and unity of purpose. Hence the position of the primary societies so far their finances were concerned was not secure at the time when some untoward event happens i.e. some sort of financial or trade crises over-take. For such critical times a great need was being felt for the provincial bank. This dream of the cooperative societies movement was realised in 1924 when the Punjab provincial cooperative banks limited was registered.

The Functions and Organisation of the Provincial Bank:-

According to the annual report of the Cooperative Department of the Punjab " It has taken over from the Registrar the task of arranging the transfer of funds from one central institution to another, and from the Punjab Co-operative Union the function of dealing with the financial institutions of other provinces. Its proceedings are guided by the Registrar, who is President of the Bank, but his official control will be gradual
Bank, the capital on August 31st was only Rs 4½ lakhs, of which Rs 2½ lakhs consisted of paid-up shares. The number of shareholding societies was then nearly 5,000, of which the large majority are primary societies. In view of the impossibility of summoning so large a body of representatives to Lahore, an attempt is being made to hold a general meeting in local sections throughout the province on an identical agenda and to total the votes of all the meetings. This system is followed by the English Co-operative Union and Co-operative Wholesale Society, but its practicability has yet to be tested in a country of poor communications and imperfectly literate people. It is democratic in theory but may be cumbersome in practice. The same problem does not arise in the Punjab Co-operative Union, to which only central institutions are affiliated.

The Bank contemplates an issue of debenture bonds, on which it expects to receive from the Local Government a guarantee of interest, in order to finance mortgage banks and provide other long-term funds."

Progress of the Movement:

Before the passing of the act of 1904 a few societies had been existence in the Punjab. These owed their initiative to Sir Macilagan. These societies were established in Multan Manwali district possessed five societies in 1900. Four of them still exist though not in a prosperous condition. In the year 1905, there were only 23 societies in whole of the Province. From 1910 on-ward the movement has made a more steady progress. In ten years time i.e. from 1910 to 1920 the number of cooperative societies has gone up to 6618. After 1920 the number of credit societies increased by leaps and bounds. A year later the societies rose to 7635. In 1922 it was 8232 i.e. 945, in 1924 9582 and the year of 1925 saw a startling net increase of 1617 in the total number of the primary credit societies which came to the figure of 11199. Besides this there were 54 agricultural supply unions, 43 cattle breeding, 50 sheep breeding societies
### Progress of the Cooperative Societies from 1919 to 1921

<table>
<thead>
<tr>
<th>Year</th>
<th>Societies on 31st July</th>
<th>Members on 31st July</th>
<th>Working Capital</th>
</tr>
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<td>1919</td>
<td>57</td>
<td>80</td>
<td>Rs. 717506</td>
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<tr>
<td>1920</td>
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<tr>
<td>1921</td>
<td>240</td>
<td>39</td>
<td>Rs. 15068527</td>
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Total: 1528 387 387046 11746207 22111467 894273 4250 38838857
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<tr>
<td><strong>Societies on 31st July</strong></td>
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<td>Cattle Insurance</td>
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<td></td>
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<tr>
<td>Central New Credit</td>
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**Working Capital**

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<td>Cattle Insurance</td>
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<td>Central New Credit</td>
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<tr>
<td><strong>Total</strong></td>
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Statement showing the progress of Co-operative Societies for 1921-6 1923

<table>
<thead>
<tr>
<th></th>
<th>Societies on 31st July</th>
<th>Members on the first day</th>
<th>Working Capital</th>
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<td>S. &amp; C.</td>
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<tr>
<td>Total</td>
<td>8543</td>
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<td>9570</td>
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1. **INTRODUCTION:**

Considering the activities of the co-operative movement in the Punjab one may classify the co-operative societies in the first place into agricultural and non-agricultural societies. The agricultural societies may be further put under six sub-heads. They are:

1. **Agricultural credit societies**
2. **Agricultural purchase and sell societies**
3. **Agricultural production societies**
4. **Production and sell societies**
5. **Other forms of agricultural societies**

**Agricultural credit societies**

"The primary credit societies", says Mr. Calvert the ex-registrar of the Co-operative Department in the Punjab in a yearly report on co-operation, "has always been our first care and the success of co-operation is to be measured by its result on the number of village societies, every thing else is sub-ordinate to it". The number of the societies according to the report of 1925 is 11159. As compared with the report of 1924, the net increase in the number of credit societies in the Punjab was 1617 in a year's time. This shows that the popularity of credit societies is assured. In the same manner we may see a marvellous progress in the number of the members which rose by 511320 in 1925. In Layallpore, Shaikhupore and Jhang district 51% of the increase, and in Lahore and Montgomery districts 48%, was in old societies and the provincial average rose from 26 to 27.

Their working capital was from the year 1921 to 25 as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>1921-22</th>
<th>1922-23</th>
<th>1923-24</th>
<th>1924-25</th>
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<tbody>
<tr>
<td>Shares</td>
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</tr>
<tr>
<td>Reserve</td>
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<td></td>
</tr>
<tr>
<td>Profits</td>
<td></td>
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</tbody>
</table>
Rate of interest. The societies which have created sufficient members occasionally lower the rate of interest from the usual scale of 19\% per cent. There are about 500 societies which lend at 9 3/8, 15, which lend at rates from 18 to 3 1/8 per cent and 29 are such which give loans wholly or partly free of interest.

Various forms of credit societies:- The agricultural credit societies again may be subdivided into grain banks, mortgage banks and such other credit societies.

Grain banks:- The need for the grain bank has been long felt in the south-west of the Punjab, especially in the districts along the river Indus. In consequence of this an experimental grain bank has been registered in the Muzaffargarh district in which payment will be received in kind. The grain will be immediately sold and the value shall be credited to the member's account.

Mortgage bank:- The first mortgage bank was set up at Jhang in 1919. It began to work very efficiently in the very beginning. From 1919 to 21 it advanced Rs 73000 and with the aid of this sum, 870 acres of land were redeemed for Rs 58890; 163 date palms and sajji-trees were redeemed and Rs 8000 worth old debts were liquidated.

In 1925 two more banks of the same type were set up in"Mianwali"and"Sonipat". They are financed by loans from the Government and by long term loans advanced from the Punjab co-operative unions out of the funds of the liquidated societies. Mianwali bank has now 151 members. It has issued 51 loans of Rs 56490 including 48 for redemption of 1379 acres of lands. 700 acres of land have been redeemed for Rs 98000.

3. Purchase and sell societies:-

"The societies of this form have proved failure. People in the towns where this instinct exists, are backward. The members do not understand the need for loyalty to their
The agricultural supply-unions have fallen to 54 and societies to 12 according to the most recent report i.e. 1925. Most of them are settling their affairs with a view to liquidate. Four unions in the canal colonies and one in Ambala district and one union in Hisar district, are in a sound condition. The four cattle purchase-societies and one union are decadent.

4. Production societies:

Under this heading may be grouped stock breeding, fodder storage, better farming, land holding and silt clearance societies.

(i) Stock breeding societies:

There are about 43 cattle breeding, and 5 sheep breeding societies, all, in the western districts. Three cattle societies are in Rohtak and Gurgaon district. About 1000 members, with 1133 cows and 503 ewes were organised for this form of co-operative activity. In 1925 two sheep societies failed because a river flood destroyed their pasture and their live stock.

(ii) Fodder storage:— There are only three societies of this form. They are now-a-days discussing the merits of alternative schemes of individual storage and common storage.

(iii) Better farming societies:— There are two seed forms in Lyallpur and Montogary. They are performing certain experiments.

One reclamation society in Gurudaspur has reserved its common land, selling the grass for an appreciable sum and protecting the young trees which are growing up in abundance. Two of the five societies in Hoshiarpur are operating on similar lines. They give more attention to the propaganda work and aim at the organisation of public opinion in the direction of improvement. Improved methods and improved implements are being introduced to agriculture in these districts through the agency of these societies. "Raja", "Gurgaon" and "Meston" ploughs and
successful in the Punjab. "Several of the societies in the south western districts, have ceased to perform their function, others are imperfect but not useless", goes the report on co-operative societies of 1925. The societies in 35ur district are progressive and excellent. The two societies of these circles have by timely clearance raised their irrigated area from 663 acres to 3125 and have gained their members an estimated profit of $5000 in the year. Only those societies flourished best in which the members did their own manual labour.

4. Production and sale societies:-

The three societies of Kharal where they were established in 1913 came to a standstill two years later. The Behraipur milk society in the Burdanspur district worked alright. upto 1922, but after that it broke down all of a sudden.

The Thokarpur commission ship had but a short life. The very start of it was not good. The society hired a Government building at a yearly rent of Rs 351. Wheat was stored in it. Soon after a heavy shower of rain fell and the roof of the building leaked and much was damaged. Then the stock could not be disposed at the proper time. The result of it was that a loss of Rs 11440 broke down the back of this lucky society.

Okara zamindara society is doing good work and is quite prosperous. It still exists and is on sound basis. The year before last it sold its stock for Rs 16 lacs for its members and imposed a heavy fine of Rs 52 on a member who evaded the duty of selling all his produced through the society.

A new shop of Jonepat called Sonempat Commission shop was registered last year. It has increased the shop in the Chenab colony to six.

The five shops in the Chenab colony sold the produc
5. Other forms of societies:

(i) Consolidation of holding societies: - The number of these societies was 154 in 1924. From that it rose to 174 in 1925. The membership has also risen from 7078 to 8412. Out of the above number of the societies, 66 are in Jullundur and 55 in Gurdaspur district. These societies have done a wonderful work in the Jullundur district especially. This district has now been converted into one solid mass. The land holding in this district before the establishment of the consolidation societies was divided into innumerable small parcels of land. Each land holder had some forty pieces of land scattered over the whole of district. Through the agency of these societies these scattered pieces of land were converted into one solid mass and has thus been handed over to the original owner of the land. In Gurdaspur district the confidence of the people has not been yet secured and hence there is but very little success to these societies in their work of consolidation.

At some places in the Sialkot district also the conditions give promise and hope. Up to the present time, an area of 10411 acres in Jullundur, Hoshiarpur, Sialkot and Gurdaspur district has been readjusted. "In the above given area of 10411 acres, 17707 blocked have been reduced to 3255 and an average size has been increased from .6 to 3.75 acres. Thirty nine new wells have been sunk" goes the report on cooperation of 1925. It is said that in Pasrur tehsil (of Sialkot district), there was a cultivator. He owned a piece of land of 10 acre. But it was divided into 84 bits of land. He found that it was totally unprofitable to cultivate it and so left it as it was. Now he had no work to do in his own village and hence he went to Lyallpur. There he began his life as a tenant. The consolidation society in the vicinity of that village undertook the task of readjusting the scattered pieces of land
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Adult Schools:- There are 127 registered adult schools in this province. But some of them are not working properly so their names would be very soon struck off the list. 57 of the co-operative schools are in the Sialkot district, 36 being registered. Some schools in Sialkot district teach adult women.

Compulsory education:- The co-operative societies have taken a time of work. It is compulsory education. These societies find their members by a voluntary pledge to send their children to schools. The committee can therefore inflict punishment permitted by the by-laws. 79 registered societies have 4124 members. These members are bound by pledge to see that the children attend their schools properly. The Sialkot district alone has 21 registered societies and four compulsory societies have been registered for girls.

6. Non-agricultural Societies:

Along with agricultural credit societies there are a few non-agricultural societies whose activity is extended the artisans and small manufacturers in the town. The Census of 1925 shows that there has been an increase of 27 primary societies mostly in Hoshiarpur district. Thus there are 86 primary societies in addition to the weaver's central stores, 3 supply and a sale union, 6 adult schools and 8 dyers societies. The number of the members in primary societies rose from 1240 to 1797 and share capital swelled from Rs 17667 into Rs 19745. The profits of the primary societies amount to Rs 6755. A year before this it was Rs 2605.

The silk weaver's society of "Said Kabir" has accumulated more than Rs 7000 of its own capital, which forms about 60 per cent of its total working funds. One potter's society has been registered only recently in Multan.

Out of the 7 adult schools societies one has been cancelled of the remaining six only is properly working. The
a small commission on all sales. Recently its management has been transferred from a non-weaver director into the hands of a weaver director. It is still in experimental stage.
### Class I Credit Unlimited (1921–1923)

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INTRODUCTORY REMARK:-

In this chapter I will take up some one particular village societies and show how far they are in a position to achieve what is before them how far they have been successful in freeing the cultivators from the sahukars oppressive hands and ultimately how far this movement in the Punjab has proved an effective measure to drive out the indebtedness from the agriculturists who have suffered enough at its hands.

Bakhshi-wala Credit Society:- Bakhshi-wala small village is situated on the Gurdaspur-Kalanur Road at about 10 miles from the city of Gurdaspur. It is a village of about 150 houses. The land owning classes are all Muslim Jats. Agriculture is the chief industry here. All others such as carpenters, blacksmiths, silver-smiths, tailor, weaver and washermen are dependent upon the cultivator. They serve the land owning classes as menials and get the remuneration for their services at the time of harvest, in kind. This village, so to say may be taken for typical Punjab village.

The general condition before the establishment of credit society:—

Almost all the zamindars were in deep debt, and every day, it went on increasing. The exact figure of the sahukara debt of this village was as follows:-

Secured debts 8030/-
Un-secured debts 7376/-

In 1913 a co-operative credit society was started here. The number of the members was 21 in all.

Difficulties in the beginning:—

There were some difficulties in the beginning in the admission of new members. There was a strong opposition from the 'sahukara' who were all powerful in this village, for the cultivators as well the rest of the villagers depended a good deal — especially in a year of general crops-failure.
But all the doubts of the members were removed when they actually saw the tangible benefit, derived from the society. Along with this the management and the working of the society was so efficient that the number of the member began to rise itself rapidly. Consequently the society became very popular.

And there are only few persons (amongst the zamindars) in the village today who are not in the society so the number of the members at present is sixty five of which thirteen have been admitted only recently. The present sahukara loans are of the new members, all old members having completely paid off their un-secured debts. Further dealings with the sahukars is totally stopped now. The present status of the members is as follows:-

- Land owned: 354 acres
- Land mortgaged: 66 acres
- Open (Un-secured debts): 1090/-

The rate of interest: The rate of interest in loans is 12½% and the profits of the society are indivisible for ever. The society has already accumulated an appreciable sum of Rs 3918/- as profits which are the joint property of the members. It is exported that within another ten years the profits of the society would swell to such an amount as to make it totally independent of all outside help.

The society's working capital is as follows:-

<table>
<thead>
<tr>
<th>Liabilities/Profits</th>
<th>Rs 3918--0--0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits</td>
<td>Rs 114--0--0</td>
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<tr>
<td>Loan of Banking Union</td>
<td>Rs 3778--0--0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>Rs 7400--0--0</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Assets</th>
<th></th>
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<tbody>
<tr>
<td>On loans to members</td>
<td>Rs 7570--0--0</td>
</tr>
<tr>
<td>Share of banking union</td>
<td>Rs 100--0--0</td>
</tr>
<tr>
<td>Share of Punjab Provincial bank</td>
<td>Rs 100--0--0</td>
</tr>
<tr>
<td>Cash</td>
<td>Rs 40--0--0</td>
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</tbody>
</table>
officers. There are no arrear of interest, no over due loans and, no defaulters. And repayments to the banking union are made in time.

Beneficial Effects of the Society upon a general welfare of the villager:-

The society practically meets all the requirements of the members and they have never an occasion to resort to sahukar for their needs. The society has not only improved the material condition of the members but it has given them a moral up-lift. The members are more united, more thrifty and more industrious than they were before. the society was started in this village.

Effects of the Movement as a whole on the country:-

From this particular case we may pass on to the general effect of the movement on the condition of the agriculturists spreading throughout the country.

The Moral Effects:-

Its moral effects are evident when we consider that some societies have taken measures to deal with the evils of cigarette-smoking and that many settle village disputes by a reference to the punchayet without going up to Courts. The effects of co-operation on litigation is in some places very marked, and we hear in one district of a decrease during the year of 1,100 civil cases which the judicial authorities ascribe in the main to Co-operative Credit Societies.

The Educative Effects:-

"It has quickened the intelligence of the rustic-villagers of this Province and has awakened their power of thought, understanding of business and sense of responsibility. They have learnt something and they are showing themselves anxious to learn more,. They want to master rudimentary letter to fit themselves for keeping accounts." Thus goes the well known remark of Mr. Darling I.C.S. on the working of this movement in the Punjab in his famous book --- The Punjab Peasant in Debt.
communities which have adopted it, in reducing unnecessary expense and in supplying medical relief". As a matter of fact we find that in a Lakhna-Khurd village one of the most direct effect of the society has been the institution of a Middle English School to the upkeep of which the society is now contributing 40 or 50 rupees from profits.

The Economic Effects:

Its economic effects are very far-reaching indeed, for it has tempted hoarded money out of its concealment and has attracted the funds of the general public. The successful working of these societies has earned the confidence of the villagers who now do not hesitate to deposit their hoarded savings in them. These societies are specially appreciated by widows and old men as convenient places for the custody of the hard-earned savings. I give here some remarkable instances from the very interesting reports on the working of Co-operative Credit Societies in Lakhna-Khurd. In Lakhna-Khurd the widow of a mahajan who did not help the society with any deposits, although several times approached by the members, deposited Rs 800 on behalf of her minor sons two days after the death of her husband. In another case a man who was not suspected of having any money at all brought Rs 100 to deposit in his society after there was a theft in the village! In summary a

CONCLUDING REMARK:

Thus we see that the Co-operative Credit Society is the guardian of the village --- it is its own bank, its own its own school and its own municipality: it lends money, it settles disputes by arbitration, it offers educational facilities, it effects sanitary improvements --- it has grown into a sort of a village democracy: truly has it been said that "one can see in these institutions the beginnings of the old village communities whose disappearance as a factor in the political organisation of the country every one deplores."
In this chapter, I should give in short as to what the conclusion, have I come after studying the working of the Co-operative Movement in this Province.

I shall bring out that in what particular thing does it lack which in my opinion has stood in its way to complete success. Thus the first question before me is that whether it has proved success or not. For this let me take into consideration the various lines of its activities. The Report of Laclagan Committee of 1914 shows that at least up till 1914 all its energies were directed toward setting up agricultural credit societies and all the other forms like Purchase and Sell Societies, Production Societies, Production and Sell Societies, and especially Non-Agricultural Societies were given but partial attention. The result of it was that they did not flourish as much as the Agricultural Societies.

This may be seen from the figures given in the annual report of the Punjab Co-operative Societies Department of 1923.

Non-Agricultural 32,163
Cattle Insurance 17
Central Non-Credit 367

From this one might come to the conclusion that as compared with the Agricultural Credit Societies they have made no great progress. This report further tells us that among the Agricultural Societies as well Non-Credit Societies are falling in number. For instance the Purchase and Sell Societies have proved failure because of incompetency and dishonesty of the managers. This is further due to the fact that people at in the towns were this instinct exist are backward.

Similarly some of the Production Societies like stock breeding societies have recently met failure. Other forms such as fodder storage and better farming societies
In analyse the causes of the general failure of these societies and a slow progress in the agricultural credit societies. I think they are the following. In the first place the people amongst whom the movement has been started that is the lower strata of the society are generally illiterate. If, some few of them say, one out of one thousand and even less are educated, they are but half educated with absolutely no character. They view everything in the same old conventional way and thus hardly think over anything independently. All these things combine to produce one result and that is that they have not as yet imbibed the true spirit of cooperation.

But this is no fault of their, for, really that is not an easy task. Even a country which is one of the most advanced countries find it very difficult. It was the late J. Holyoaks’ standing complaint” says a writer “that among the thousands and 10 thousands of members annually joining cooperative societies, there were very few cooperators”.

In the words of J. Holyoaks “the shilling came in but the spirit remained out.” In India and particularly in the Punjab of course among the unlettered rustic country folk the disproportion between the members and the cooperators is likely to be greater still. As an annual report goes to say that until 1916 the villagers have been suspecting this movement as some snare laid by the Government.

To counteract counter

Then there are in this country frequent class wars and (as Hindu Muslim tensions resulting in riots at different places). Besides this there are several other class prejudices based on cast system which is strictly observed in this province.

These are in brief the chief obstacles which prevent the people of different communities from cooperating.
that the Government interference in way of supervision, as it has been done until now, should continue in the same way and with the same vigour.

There are some so-called patriots who say that the Government hand should be totally withdrawn from the operation of the cooperative societies and cooperative banks. But I beg to differ with them. I hold that Government's control over this movement is the sheerest necessity in this country. We can not do without the help of the Government in this matter for a minute, for I believe if the Government for some reasons of its own withdraw itself, the whole edifice of cooperative societies, cooperative unions, and the cooperative banks set up so laboriously and beautifully, would at once come down with a crash. The people in the Punjab and especially the semi-barbarous villagers of this province have not yet learnt how to stand upon their own legs and how to manage their own affairs. They are just like a child who requires strict supervision at every step, of his parents or his guardian.

The Government may extend its aid to this movement in achieving its end in another way. While dealing with the causes of indebtedness of Punjab agriculturists I laid down in my third chapter that small holding of land had, as one of the several causes of this problem of indebtedness, close bearing on the welfare of the people, in the rural area of the province. This, I said was due chiefly to the defective Hindu and Mohammedan law of inheritance which divided the landed property of a father into as many parts as the number of his lawful heirs. So a piece of land of 50 acres in the course of, say 40 or 50 years was split up into several little parcels of land. This law might be based upon equity and justice -- I have no gain saying, but it entailed serious consequences at least so far as the welfare of the community
Now I think that, that is not adequate measure. It can serve as at its best, as a temporary cure but the trouble shall remain there.

The real remedy in my opinion lies in changing altogether the law of inheritance of the province. This is, what, no private individual, nor even any private association can undertake to do. The Government can alone handle it conveniently. The Government should see that some how or other, it, either makes some amendments upon the already existing defective law of inheritance, or that it sets up a new law after the fashion of that of England. (Primogeniture Law of inheritance of England)

This would put a stop once for all to the trouble of small holdings. Thus the policy of the Government interference into the law of inheritance combined with consolidation societies can best extirpate at least one of the several grossest causes of agriculturists indebtedness.

Another point that I have brought out the beginning of this chapter is that along with the ignorance and illiteracy of the rural population at large in this province, there is something wrong with the moral life of the people. They lack character and sense of self respect, and also the sense of responsibility. For this I think there should be brought about a whole sale change in the moral atmosphere of the people — let me say it should be completely revolutionised. This is so to say striking at the root of the whole trouble.

This change in the moral life as I have suggested is essentially required because the first and foremost function of this movement is moral up-lift. All other things like material prosperity and the rest of it follow in its train. Then the question before comes as to how to effect this change. The movement, though very late yet has begun to take steps to that direction: that is educating the villagers. There have
This line of activity for the co-operative movement is peculiar to India and particularly to the Punjab. I know of other country in which educational organisations have been registered as co-operative societies, says Dr. C.E. Strickland, F.C.S., Registrar Co-operative societies Punjab. I would go a step further than this and will suggest that co-operative societies should not limit their work to this only but that they should undertake compulsory education. Compulsory education is in fact a function of the state. And if the state is indifferent to it, it does not mean that the things should be let alone and thus the country should go on paying dearly for it.

It is a thing to be really appreciated that this people's own movement (that is co-operative movement) has begun very early to realise the real worth of the education and therefore has opened a new road of advance by establishing compulsory education societies.

Some one might object to it on the ground that educating one's own children is a private concern of an individual and that they know best their own interest. But I say that they do not, and that they can not even distinguish between what is good for them and what is not. And uncivilised adult is nothing better than a child who in sheer ignorance will take up the fancy to rush into a burning fire under the impression that it is something very desirable.

Of course it is beyond the province of a co-operative society to force the people to adopt a particular line of conduct and not to act otherwise. It is so because it can not perform this function efficiently and amiably. To make up this deficiency (in the capacity of the co-operative societies) the Government should confecend to lend her help to them, so that they might be in a position to perform this duty of their newly undertaken by them. The Government should impose
has been done by these societies but on a very limited scale. The compulsory education societies, I should say, are yet in their infancy. This may be seen from the number of these societies given by the report of co-operative societies Punjab. It runs as follows:

"Seventy-nine registered societies have thus bound 4124 parents and Sialkot District alone has 21 registered societies and 36 awaiting registration."

The number of the societies given above is nothing vast as yet, as compared with the area of their operation. The province needs some thousands and dozens of such societies more, for the purpose of meeting the situation properly. Hence a special attention should be devoted to this task for in it lies the solution of many evils which at present attend this province and which form the cause of the perennial indebtedness over burdening the low classes in the Punjab. This may be illustrated by referring to one great evil in the village communities, i.e. litigation. Now this evil can only be driven out from the country by raising the standard of living of the people amongst whom it is common. With the rise of standard of life these people would of themselves begin to have a sense of high morals, life which would further serve as a check to the temptation that they feel for visiting the civil courts for the purpose of either giving false witness against some body to whom they bear some grudge, or that for the purpose of suing some of their village fellow whom they for some reasons or the other hate with all their heart.

This is all for agricultural societies. I now draw the attention of the reader to quite a different line of activities of the co-operation. I should refer to my fourth chapter in this connection.

Almost all the writers on this subject (co-operative movement in the Punjab) have neglected one thing in their work.
state. Here I add that they too stand badly in need of some sort of external help which is not available to them easily under the present circumstances. Though the number of non-agricultural societies is considerable at present (i.e. 32168) yet i.e. quite insufficient for the extensive demand of the country. In the words of the annual report of the co-operative societies department Punjab ———"expansion in this special branch has passed its early stage and there is a great demand for societies in Jullunder, Ludhiana, Sialkot, Amritsar and Multan, but the paucity of staff and insufficiency of finance stand in the way."

The importance of this branch of the movement is that if the other industries than agriculture, be made stand upon their own legs they would have bestow double benefit upon the province. In the first place the country would tend to be self-sufficient and secondly there would be a diversity of occupation. This second good that the flourishing of the handicrafts does to the province would also lessen the burden which is pressing hard the agriculture. And thus in the long run this too would affect the problem of indebtedness for the better.

Last of all I would be inclined to lay emphasis on one point which closely affect every aspect of the co-operative movement, in the province. This is that is called propaganda work which is the most powerful effective measure for achieving that is before our co-operative societies. About this I should say there has been practically no propaganda work. The Government officials have been no doubt continuously talking even privately on the beneficial effects of the movement. They have greatly emphasised the point that in it lies the salvation of the poor people who are giving way under the heavy burden of indebtedness.

But through the agency of the Government officials
a University professor can but enunciate a scientific fact and can not drive home for which an elementary teacher is best fitted. Therefore for this work the volunteers should come out on the front and help their native land in her distress and sorrow. "It is volunteer work that we stand in need of, almost more than anything else". "And volunteer work would prove equal to solving the problem of before us." There is some work of this kind, performed and its result appears satisfactory. Volunteer work can supply the co-operative education needed at present. Again volunteer work can endow the movement with the continuity now it is lacking. "A volunteer can speak to the heart of the people, convince them by continued argument, make them feel what is their duty, moral as well as legal and by degrees evoke that co-operative spirit which is the salt of the entire movement." This is a passage taken from an article on the co-operative movement in India, by Henry Wolf. It is quoted here to show the real importance of volunteer work which the movement in the Punjab particularly overlooked hitherto. Hence I suggest that realising the worth of this indispensable factor it should be properly and freely used. It is on this one thing that the most of our future success lies.

"To conclude this chapter I should say that as for the organisation work (i.e. of the co-operative societies, unions and co-operative unions), I have not much to tell over and above what has already been said by various writers on this subject.

I remain,

The Civilised Friend in House,
Near M.F. Conference Office,
Aligarh.

19/4/1937