

THE COOPERATIVE MOVEMENT IN THE JAFFNA DISTRICT
OF SRI LANKA FROM 1911 TO 1970

by

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ABSTRACT

Using the problem analysis method advanced by Professor Brian Holmes, the study looks into the politico-economic and socio-cultural factors that gave special significance to the Cooperative Movement in the Jaffna District of Sri Lanka when it was introduced nation-wide at the beginning of this century.

With an intellectual tradition going back to at least five centuries and intensive educational activity by Christian missionaries since Portuguese times (1590), Jaffna enjoyed a lead over the rest of the country in the matter of educational provision and overall attainment.

English education serving as a catalyst to raise the aspirations of the people, they naturally looked to new opportunities to better their economic prospects. The expanding public service, both in Ceylon as well as in Malaya and Singapore, opened new avenues of employment.

The increasing demand for English education was met by a system of grant-aid to mission schools, which was exploited adequately by the people of Jaffna who were aware of the value of education, English education in particular, and were also amenable, by virtue of their socio-cultural orientation, to the new mores of English culture.

The introduction of the Cooperative Credit Movement in 1911 came as a boon to the subsistence farmers of Jaffna who had been exploited for generations under traditional institutions. The cooperative credit societies, in addition to their contribution to the economic life of the community, also served as schools of democracy, as well as the training ground for leadership at the village level.

Under the leadership of the English educated, mainly teachers, lawyers and Malayan-returned pensioners, supervisory institutions were established at an early stage to foster the development of the Cooperative Movement, in particular the Jaffna Cooperative Provincial Bank (Secondary) and the Northern Division Cooperative Federation (Tertiary).

While examining the conditions necessary for cooperative development, the study focuses on the policies of the Northern Cooperative Movement, including an evaluation of the educational policies and programmes of the Northern Division Cooperative Federation.

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THE COOPERATIVE MOVEMENT IN THE
JAFFNA DISTRICT OF SRI LANKA
FROM 1911 TO 1970

INTRODUCTION

The Royal Commission on The Cooperative Movement in Ceylon (1968-70) observed,

"From the beginning the people in Jaffna took to Cooperation more readily and more enthusiastically than the rest of the Island, and the Societies in Jaffna maintained a generally high level of excellence, although in other districts also there were examples of good societies" (1).

This is an in-depth study of the politico-economic and socio-cultural factors that gave special significance to the Cooperative Movement in the Jaffna District of Sri Lanka (Ceylon), when it was introduced country-wide by legislation at the beginning of this century.

The problem analysis method advanced by Professor Brian Holmes has been used to identify the major problems in Jaffna at the turn of the century, for which the Cooperative Movement was seen as a solution. With its democratic appeal, political neutrality and socio-economic orientation and its emphasis on education and cultural homogeneity, the Cooperative Movement had been tried successfully in many countries, including Germany (1840s), to solve some of the chronic problems of small farmers and artisans. On the recommendation of Sir Frederick Nicholson who, at the request of the Indian authorities, had undertaken a study tour of rural credit institutions in Europe in 1895, the German Raiffeisen model had been introduced in India and tried in Bengal with notable results.

Educated leaders in Ceylon demanding that the same model be introduced in the country to solve the problems of small farmers, the Ceylon Cooperative Credit Societies Ordinance No. 7, based on the

Indian Cooperative Credit Societies Act No. X of 1904, was passed in the Legislative Council on 5 May 1911.

As the Royal Commission pointed out,

"Cooperation is a delicate flower that does not thrive except in the right soil" (2),

the emphasis being on the conditions necessary for cooperatives to take root. The study examines these conditions in the light of contemporary research findings. Realising that one of the most essential conditions for cooperative development was education, beginning with the Rochdale Pioneers (1844) cooperators had always endeavoured to include education in a broad sense as one of the major principles underlying the movement.

With an intellectual tradition that goes back to at least five centuries and intensive missionary educational activity since Portuguese times (1590), Jaffna had an undisputed lead over the rest of the country in the matter of educational provision and overall attainment. The inevitable consequence was the availability of an educated work force to assume roles of leadership, be it agitation for political and constitutional changes, or economic and social development, or educational reform. The study shows how teachers, lawyers and Malayan pensioners in particular were available in large numbers to provide the much needed leadership.

Research has shown the importance of the quality of leadership.

"It is certainly not accidental that the countries in which cooperation dominates rural economy are those in which rural life is most attractive and the level of culture and social responsibility is highest. How far this is the direct result of cooperation it would be more difficult to demonstrate. It would perhaps be truer to say that the impulse towards cooperation in the economic field tends to go with active professional interests, social and civil responsibility, and cultural

appreciation. At least it has been shown that leadership in any of these fields almost invariably goes with leadership in others" (3).

The Royal Commission too emphasised this quality of leadership when they referred to the Moolai Cooperative Hospital Society in Jaffna as,

"a remarkable example of the combination of cooperative enterprise, philanthropy and public spirit which has inspired the establishment of similar institutions in other parts of the country" (4).

While looking at the role of leadership in the growth of institutions like the Jaffna Cooperative Provincial Bank and the Northern Division Cooperative Federation, the study also examines the general and educational policies of the Federation, including an evaluation of its educational policies and programmes.

References: Introduction

- (1) Report of the Royal Commission on the Cooperative Movement in Ceylon, Sessional Paper No. II, 1970, p.15.
- (2) Ibid. p. 325.
- (3) "The Challenge to Traditional Cooperation" - Editorial, Year Book of Agricultural Cooperation, Plunkett Foundation for Cooperative Studies, Oxford, 1962, pp. 1 et seq.
- (4) Op.cit. p. 132.

Chapter I

THE NATURE OF THE PROBLEM FACING JAFFNA AT THE END OF THE NINETEENTH CENTURY

In identifying the major problems facing the people of the Northern Province of Sri Lanka, particularly the people of Jaffna at the turn of the century, the Holmesian theory of problem identification (5) is useful.

According to Professor Brian Holmes, change can take place in any one of three patterns of social life, namely, norms, institutions and the environment, and there is a problem when change in one of these patterns is not accompanied by a corresponding change in the others. Professor Holmes also considers mental states of people as important needing investigation.

Changes in any of these patterns can be examined (although not strictly classified) under the following headings: (a) Political, (b) Economic, (c) Religious, (d) Educational and (e) Socio-cultural.

(1) Norms (New Aspirations)

(a) Political or Legislative

English education had the effect of widening people's horizons as they became aware of developments in other countries where people organised themselves to agitate for reform.

English education also had the effect of awakening people's political consciousness, which made them willing to take the initiative and work for change if that would bring them the social, economic and political utopia that they believed to be within their reach.

Agitation for reform, led or fed by liberal opinion from Jaffna thus became commonplace, whether it was in respect of constitutional reform, educational issues such as a University for the

country, or new laws introduced by the British which were considered unjust or unsuitable.

For instance, in the first ever elections held in Ceylon, Sir Ponnambalam Ramanathan, the Tamil leader from Jaffna, was elected to represent the 'Educated Ceylonese' seat in the legislature. He and his brother Sir P. Arunachalam were in the forefront of national agitation for constitutional reform and finally independence, as well as for the establishment of an independent University for Ceylon. Before them their uncle, Muthu Coomaraswamy, took a leading role in constitutional and legislative reforms.

(b) Economic

Since English education opened the way to jobs in government service, most parents wanted their children to attend English schools. Where there was a shortage of English schools, they encouraged Christian missionaries to establish them, e.g. by donating land and timber.

Howard Wriggins explains,

"Tamil children were good at figures and their parents goaded them in their academic work for fear of unemployment or hard labour as the price of failure...

"Sinhalese parents of most communities demand less of their children than the sterner Tamil disciplinarians" (6).

The scramble for government jobs was such that a wit of the time is said to have quipped,

"The father is making hay in Jaffna while the son is shining in Colombo" (Crossette Thambiah).

Increased employment opportunities for the children aroused the aspirations of their parents further to better their economic circumstances, so that they could earn more to live more comfortably. Those who depended on subsistence farming wanted to improve the

yield by changing their farming methods and also wanted to sell their produce at a reasonable price free from exploitation by middlemen and money-lenders.

Lend ownership being a status symbol it was also the desire on the part of the average farmer to buy his own piece of land, and in the case of those who already owned their plot to add to it.

(c) Religious

English missionary education encouraged people to become converts to Christianity by opening many avenues of employment, especially as teachers in missionary schools.

However, because of the qualities of tolerance and resilience of Hinduism there was no confrontation of religious norms, but on the other hand, the Hindus themselves who were not converted were open to new ideas and prepared to exploit the new opportunities that were opening up.

S. Radhakrishnan explains the philosophy of Hindu tolerance,

"In religion, Hinduism takes its stand on a life of spirit, and affirms that the theological expressions of religious experience are bound to be varied. One metaphor succeeds another in the history of theology until God is felt as the central reality in the life of man and the world. Hinduism repudiates the belief resulting from a dualistic attitude that the plants in my garden are of God, while those in my neighbours' are weeds planted by the Devil which we should destroy at any cost. On the principle that the best is not the enemy of the good, Hinduism accepts all forms of belief and lifts them to a higher level. The cure for error is not the stake or the cudgel, not force or persecution, but the quiet diffusion of light" (7).

"Hinduism", asserts Donald Smith,

"unlike Buddhism and Islam, is not a missionary religion, and the rejection of proselytism on principle is regarded by many Hindus as an important part of tolerance" (8).

Hinduism as practised in Jaffna, therefore, did not prove a barrier to "Westernisation". The Hindus as much as those who were converted (many only for a time) to Christianity could adapt their cultural frontiers to assimilate western ideas and values without having to give up their traditional norms and values.

E.F.C. Ludowyk sums up,

"The Tamils... were as a result of their geographical separation from the rest of the country, and the industry with which they profited from secondary schooling in English, both more conservative in their life and more forward-looking in their ideas than the Sinhalese. Hinduism, South Indian Hinduism in particular, could apparently present to the new mores of English culture a much more solid front than the Buddhism of the Low countryman..."

What was typical of the Tamil, then, and is perhaps true even at the present time, was the moral earnestness which comes from a life of constant effort. Nothing happened by chance, the smallest actions had significant moral overtones. Dr. Arnold would have found understanding pupils in most Jaffna Tamils, for, like him, they read sublime significance into every event..." (9).

(d) Educational

The intellectual tradition in Jaffna which made English education much sought after dates back to at least five centuries. The early part of the fifteenth century has been described by Swami Vipulananda as the Augustan age of literary development in Jaffna. Besides literary works which flourished during the period, there were also works on medicine, astrology, etc. (10). This is supported by U.D. Jayasekara who points out that,

"a Tamil poet is said to have adorned the Tamil Sangams at Madura - Ilattu Putan Tevanar. Seven of his poems are included in the Sangam anthologies Akananuru, Kuruntoki and Nattinai" (11).

It was the policy of the Portuguese and the Dutch to use the native languages as the media of instruction. When it came to the establishment of schools in the areas that came under their influence, Jaffna provided a more fertile ground than any other area, as there was already a well established educational and intellectual tradition, albeit in the matter of customs and religion the effect was not so marked as in the rest of the country.

Of the Portuguese period, for example, Muelder observed,

"... The situation in Jaffna-patam, which became a Portuguese province in 1621, was more favourable to intensive educational and missionary work than was Colombo, for it was isolated from the reactionary influence of interior Ceylon and also by the sea; its children earned the reputation of being the best educated in the Far East" (12).

During the British rule, it was in Jaffna that the Missionaries concentrated on providing English education, and as a result the policy of government aid to mission schools really took on. As Ludowyk says,

"As a result typical of life in Jaffna was the smallholder, aided by his family in working the land, strongly conservative, but well aware of the advantage of education. It was in the north that the system of mission schools receiving grants for their educational work from the government first developed" (13).

The availability and increasing demand for English education had the effect of adding a new and dynamic leavening agent to the Tamil cultural milieu already in ferment. For instance, there was a well orchestrated Hindu educational and literary revival under the leadership of Arumuga Navalar (1822-1879), himself a product of missionary English education. He was the first savant to be honoured by the head of the Thiruvavadu Math in India, the highly respected seat of Tamil scholarship. Many poets and writers followed suit.

Jaffna was also the home of dictionaries. The American Missionaries led the way by publishing the first Tamil-English Dictionary in 1842, popularly known as the 'Manipay Dictionary' or the 'Jaffna Dictionary'. Dr. Miron Winslow's famous Tamil-English Dictionary, published in Madras in 1862, was also begun in Jaffna by Joseph Knight, assisted by Gabriel Tissera and Rev. Percival.

A. Mootatambipillai published the first Encyclopaedia in Tamil in 1902. Printed at the Navalar Press started by Arumuga Navalar, it was an invaluable contribution to Tamil cultural development. He followed it up with his English-English-Tamil Dictionary in 1907, dedicated to Dr. Ananda Coomaraswamy, the world renowned exponent of Indian Art and Aesthetics. One of Mootatambipillai's major contributions was to translate Kailasa Malai, an original historical work on Jaffna into English, and have it published in the Ceylon National Review in 1908.

With more and more demand for English education leaders and educationists alike began to take an active interest in the provision made by the government and the missionaries.

Realising the need for a comprehensive policy on education a motion was introduced in the Legislative Council by the Tamil member, Mr. Muthu Coomaraswamy, urging the appointment of a Committee to look into it. The Morgan Committee on Education was appointed in 1865 (14). The Report of the Committee, of which Mr. Coomaraswamy was a member, was accepted by the Government in 1868, and became the first coherent, albeit controversial, policy on education since the Colebrooke Report of 1832. As Swarna Jayawara explains, the Morgan Report,

"created a State Education Department controlled by British personnel, a denominational system weighted with allied but minority interests and a dual language policy and school system - all very successful instruments of colonial rule. Together with the demands generated by the colonial economy for a literary curriculum these policies helped to

mould the education system for almost a century" (15).

(e) Socio-Cultural

Village life was marked by an intricate web of rights, responsibilities and obligations in respect of one's relationship with one's family, the extended family, the immediate community and the whole village.

There is evidence to suggest that the Tamils, like the Japanese, are an achievement oriented people whose motivation can be traced to the mutually supportive system of social relationships, beginning with duties and obligations within the family, and gradually extending outside (16).

Being a maritime people both in peninsular India and North Ceylon, the Tamils took to the sea from very early times and as a result developed a universality of outlook. For example, one of the early poets (17) sang,

"Every country is my country
And all peoples my kith and kin".

According to Father Xavier Thaninayagam,

"This sense of universality was instrumental in fashioning Tamil society after a broad and tolerant pattern .

'Indian Thought and Its Development' shows exhaustively the optimistic, humanistic sense of life and life affirmation, the joie de vivre, that is characteristic of the Tamil attitude to life" (18).

In the same work referred to above Schweitzer observes of the maxims in Thirukkural, an ethical treatise in distich form, probably belonging to the second century A.D.,

"There hardly exists in the literature of the world a collection of maxims in which we find so much lofty wisdom" (19).

The norms were not confined to moral overtones. There are examples of practical commonsense injunctions too. For instance, one of Avvayar's (20) verses runs,

"Build the bund, the water rises
For seedlings to reach their heights
And enrich the community,
Whose wealth augurs well for the king".

Increased social mobility made possible by English education had far reaching consequences. New opportunities meant new horizons and competition for government jobs.

As Ludowyk explains,

"In 1870 a Department of Public Instruction was created, and the number of both vernacular and English schools increased. Utility enjoined on all those who could afford it the duty of qualifying themselves for careers in the newly created government departments. Long before the British decided to finance education from public funds in the United Kingdom, the governments of Ceylon and India were accepting, even in niggardly fashion, financial responsibility for schools. Whether the motives were utilitarian or moral, the government was forced into spending more on schools, and the increasing urban population was drawn into seizing the only place it could occupy in the existing economy, with its lack of alternative industrial or agricultural forms of employment offering similar prospects" (21).

For a time, of course, only middle class jobs were available to the English educated Ceylonese, but soon with the expansion of services and with more specialised education being provided in some schools, recognised professions like medicine, law, accounting, etc., were within their reach.

(2) Institutions(a) Political

When the British took over as rulers in the latter part of the eighteenth century, the village was the basic political unit, and the administration of each village or gramam was vested in the village council or grama sabai, which also performed judicial functions.

The Colebrooke-Cameron Reforms (1832), far in advance for a colony at the time had tremendous impact throughout the British Empire. However, as the officials who were entrusted with the implementation of the reforms lacked the vision and seriousness of purpose that lay behind them, for "more than a decade following the publication of the reports of Colebrooke and Cameron, Ceylon was in the doldrums" (22).

The result was that the political development of the country, instead of being a natural evolution, came to be tailored in Britain. In a valuable study Ralph Pieris speaks of the "blind alley civilisations" of the East which (according to Arnold Toynbee) had to remain at the stage of archaism, until some alien power stepped into the breach to perform for the ailing society the reforms that were long overdue (23).

The franchise was not extended until 1931, that is a hundred years after the Colebrooke-Cameron Reforms.

Although the principle of local participation in government was accepted in the 1920s and the first Legislative Council came into being in 1921 with a limited franchise (4 per cent of the population), the far-reaching powers given to Government's official members reduced the Council's political significance. The Legislative Council gave way to the State Council in June 1931, when for the first time

elections on the basis of universal franchise were held. But in a Council of 61, 50 were elected members, 8 nominated, and 3 officers of state, and although the Council could select a Board of Ministers, the Governor still retained the power of veto. However, seventeen years later, rather unwittingly and ill-prepared, Ceylon got her independence as a matter of course in the process of the liberation of India, Pakistan and Burma, all of whom had to endure long and bitter struggles before independence became a reality.

However, in the agitation for political reform and finally independence, it was the English educated who took the lead, and Jaffna was inevitably in the forefront.

Howard Wriggins puts the picture in perspective,

"... The Jaffna Peninsula is an area of highly concentrated population, equipped with good schools, and a literate and hard working population. Its concentration lends itself to intensive political organisation, unlike the eastern and Sinhalese areas outside Western province. Professional associations of lawyers, school and college teachers, and doctors have been the principal articulators of political demands..." (24).

Political power continued to be concentrated in the hands of the elite based on traditional institutional loyalties. Howard Wriggins explains,

"Ceylon is a plural society, a mosaic of self-aware communities distinguished from one another along ethnic, religious, or linguistic grounds. Lacking strong parties derived from disciplined organisation, from clear-cut economic or revolutionary differences, or from an intense struggle for independence, Ceylon's political life has been closely bound up with these communal and other traditional social differentiations. Until now, these traditional groupings have formed the basis of most politically significant loyalties, interests, and demands. As local political leaders have responded to the imperatives of representative politics, these differences have often been played upon and accentuated. Loyalty is still directed to the extended family, clan, or to the caste, racial, religious, or linguistic group. An island-wide national sense is yet to be effectively evolved" (25).

(b) Economic

The village was also the basic economic unit and subsistence agriculture the basic economic activity. Agricultural practices were largely associated with the institutions of caste and land tenure.

Rice was cultivated in small-holdings and problems of security were met by compact communities scattered round these holdings. As most areas in Jaffna depended on rain and artificial wells for irrigation, people tended to concentrate in small hamlets.

The ascriptive nature of society led to the gradual emergence of the joint or extended family system. Under this institution the eldest male member of the family was invested with the responsibility - and hence authority - to regulate the economic affairs of all members of the extended family, which usually consisted of several generations with collaterals living together.

So long as the economic organisation of society was simple and there was limited activity to satisfy limited demand, such an institution proved advantageous.

Traditionally farming in Jaffna was done through a system of land tenure known as the Varakudy system. The Varakudy, i.e. the tenant depended on the land-owning farmer, known as the Kamakkaran, for his entire livelihood. Varakudys were in fact agricultural labourers, not necessarily of low caste, who sold their services to the Kamakkaran because of their economic circumstances. It was a form of contract under which the Kamakkaran undertook to look after the Varakudys in return for their services. In Jaffna hundreds of entire families were mobilised to work in this way, but in districts like Mannar and Vavuniya which were covered by jungle and to a great extent uninhabitable, only the most poor and down-trodden would have been prepared to work as Varakudys. The Varakudy system, although

a socio-economic institution enjoined by tradition and custom, was on the whole loaded heavily against the poor and the depressed, to the extent that sons were held responsible for their fathers' debts. It virtually guaranteed that successive generations had to work as Varakudys until the family debts were settled.

Land ownership being associated with social status, land values in Jaffna have been very high, far in excess of their economic potential. Very few farmers could therefore own their land, and even those who could had to be content with small-holdings averaging less than three-fourths of an acre.

Whether it was the farmer who owned his small plot of land, or the tenant who worked for the landlord, or the sharecropper, the greatest problem was the need for capital. The land-owning farmer as well as the sharecropper had to resort to intensive cultivation to make ends meet, through a system of rotation of crops - which involved capital outlay towards seed, manure and fertilisers, intensive irrigation, cattle to provide manure as well as labour and often hired labour. The tenant farmer would have needed capital, in the first place, to pay off the debts accrued during the tenancy, and then buy a plot for himself. Credit needed security either in the form of land or valuables, which most of them lacked. Credit was also needed for other purposes such as litigation, very common due to disputes resulting from unregistered titles to property, and expenses connected with social functions such as marriages and funerals and ceremonies, most of them associated with religion, custom and tradition.

The normal sources of credit available were the following:

(a) The Landlord

This was only in the case of tenant farmers where landlords would supply them with their requirements such as seed paddy,

manure, implements, cattle etc. In all such cases the recovery was also in kind and the terms were generally detrimental to the farmer.

(b) Professional Money-Lenders

Money-lenders usually gave credit on the security of valuables such as jewellery, but only a part of the real value of the articles surrendered was given as loan and the interest rates were generally high.

(c) The Trader cum Middleman

The trader was a popular source of credit to the average farmer. He usually performed three functions, namely supply of consumer goods on credit, provision of cash in advance on credit, and where necessary the marketing of the produce on behalf of the farmers. Especially in the case of cash crops such as tobacco, onions and chillies, because of the inability of farmers to raise the necessary capital that was required at the outset, they had to depend on middlemen at all stages from planting to marketing. The middlemen charged exorbitant rates of interest on the advances they paid to the cultivators, because of the high risks they were taking. Immediately after cropping they bought the entire produce themselves at a price far below the market price so that they could take advantage of fluctuations in the market. Such large-scale exploitation of labour by middlemen was all too common in Jaffna not only in respect of agricultural activities but also in other economic pursuits such as fishing.

In the absence of organised credit institutions like banks, the problems facing the small cultivator were numerous. In many cases it would not have been possible for them to borrow the amounts

that they actually needed. On the other hand, it would have been possible too for some of the farmers to borrow far in excess of their needs and their ability to repay. Also, the lender could lend at any time, but the farmer had to borrow at certain periods when his needs were greater than the needs of the lender to lend. This inevitably placed the farmer at a disadvantageous position which led to exploitation, to the extent that the borrower was often unaware of what he was committing himself for. In short, unorganised credit generally reduced the borrower to a state of servitude and bondage, which obliged him not only to repay the loan on terms dictated by the lender, but also to perform other services as required by the lender. On top of it all the cost of credit had to be high to compensate for the risks involved in the absence of adequate security. It was therefore not unusual for interest to be deducted in advance of the loan being given, which meant that the actual rate of interest applied on the loan was higher than the rate quoted initially. The terms of repayment were also on the whole unsatisfactory in that the borrower could not repay the loan either in instalments or when it suited him most to repay in full.

It has been estimated by W.M. Tilakaratne that by 1951, 30 per cent of rural families in Ceylon were in debt and the average debt per family was Rs. 263. By 1957 54 per cent of rural families were in debt and the average debt per family was Rs. 750. Tilakaratne goes on,

"The bad features of rural indebtedness in a country like Ceylon are that most of these debts have been incurred for purposes which do not enhance the productive capacity of the farmer, and that the bulk of these debts have been taken at very high rates of interest from private money-lenders... over 90 per cent of debts were from non-institutional sources..." (26).

The All-India Rural Credit Survey of 1954 (27) showed that money-lenders met about 70 per cent of the credit requirements of farmers, as shown in the table below.

Table 1

Credit Agency	Proportion in the Borrowings (per cent)
The Government	3.3
Cooperatives	3.1
Commercial Banks	0.9
Relatives	14.2
Landlords	1.5
Agricultural Money-lenders	24.9
Professional Money-lenders	44.8
Traders and Commission Agents	5.5
Others	1.8
Total	100.0

Another study (28) in 1967-68, a sample survey by the Office of the Development Commissioner of Purnea, covering Purnea and Sahresa districts in North-East Bihar under the Kosi Project, confirms the above finding:

Table 2

Credit Source	Purnea	Sahresa	Consolidated
The Government	15.5	18.2	17.8
Cooperatives	15.0	12.2	13.0
Money-lenders	67.3	69.1	67.6
Commercial Banks	2.2	0.5	1.6
Total	100.0	100.0	100.0

(c) Religious

As Sydney Bailey explains,

"A caste was a Hindu social group, membership of which was decided by birth. An orthodox Hindu could not change from one caste to another, could not marry a person from another caste, could not eat or mingle socially with a person from another caste. At first there were only four castes - priests, warriors, merchants and craftsmen, and labourers. Gradually new caste distinctions were recognised. This Hindu system was introduced to Ceylon by the Tamils and was adopted by the Buddhist population. In the process, however, it became a less rigid institution than it had been on the Indian mainland, and during the nineteenth and twentieth centuries it began to break down under the impact of western ideas" (29).

However, being a traditional Tamil institution, the caste system has been more rigid in Jaffna than among the Sinhalese who adopted it. As Howard Wriggins explains,

"In the Tamil Hindu areas of Ceylon, caste stratifications are clearer and the position of the upper cultivator caste - the Vellala - has not yet been challenged, either by modern economic conditions or by other caste-conscious groups" (30).

What differentiates Hinduism from other religions is the absence of ecclesiastical organisation, since it is not a 'missionary' religion, whose ultimate aim is pro-seletysation.

Commenting on the lack of ecclesiastical organisation Donald Smith points out,

"In the first place, there is no congregational worship in Hinduism such as is found in Christianity and Islam. The lack of a clearly defined and trained Hindu clergy subject to the discipline of superiors is another point of weakness .

In contrast with its total lack of centralised ecclesiastical institutions, Hinduism has demonstrated a powerful capacity for the detailed ordering of social life through caste and Hindu law... Hinduism has prescribed detailed regulations which have in large measure determined the pattern of society. Caste is not a 'system' in any co-ordinated sense, but is rather the all-pervasive principle

on which social life has developed. The social regulations of Hinduism have not emanated from a single central authority (as we have seen, there is no such authority), but they have nonetheless been effective in providing a pattern of social organisation".(31).

(d) Educational

Whatever education was provided informally through the Guru-Sishya tradition in teachers' homes went underground during the Portuguese and Dutch rule. J.E. Jayasurya observes,

"King Sankili of Jaffna was captured by the Portuguese in 1621, and with his capture the Hindu system of education went underground, a little teaching being secretly imparted in some houses or thinnai by ardent Hindus who were determined not to let the torch of learning entirely die out"(32) .

Generally speaking, however, education was at a low ebb by the mid-sixteenth century. The local rulers, beset by political intrigues, virtually called in the Portuguese to take control of the land. So, it happened that churches and schools came to be established by Franciscans, Jesuits and Dominicans in the maritime areas, including Jaffna, that came under Portuguese occupation. There were three colleges - one in Colombo, one in Jaffna, and one in Nawagamuwa, which were based on the models of medieval Catholic Europe, purveying the same type of learning.

For instance, Muelder points out, that in the Colombo College,

"the first or 'Grammar class' was designed to be an 'exercise of the memory and it included Latin'. The 'Humanities' and 'Rhetoric' classes which followed were intended to develop the capacity for formulating and expressing ideas. Accordingly the elementary school of the Colombo College employed two Jesuit fathers, one teaching Latin to the more advanced students and the other reading, writing and singing and Christian morals and doctrines to the younger set.....

The College in Jaffnapatam had a staff consisting of a Rector, a Father who taught Latin, a Lay Brother who looked after the buildings and grounds and who was Procurator, and a virtuous secular priest in charge of the school..." (33).

When the Dutch took over the maritime areas from the Portuguese in mid-seventeenth century, they established two seminaries in the Renaissance tradition, again one in Colombo and one in Jaffna. Muelder explains,

"The chief obstacle to educational progress was the quality of the teachers and of the catechists. The seminaries in Colombo and Jaffnapatam were designed to raise the standard...

..... The Colombo seminary was the leading educational institution in the country. The best students from Jaffnapatam were transferred to it to complete their course work. It set the standard to which all should aspire. Its primary object, however, was the training of local preachers, and in 1712 the higher classes were examined in the Divine Attributes and Perfections, on the soul of man and on logic. Its curriculum was almost entirely Western in its outlook. In the higher course work the language medium was Dutch, and therefore the curriculum of the lower course had perforce to include Dutch grammar and composition, and translations from the vernacular into Dutch, and in 1729 a special Dutch master was appointed.

Latin and Greek were also introduced into the lower course because the medium of instruction in the advanced theological classes was Latin; and when Governor van Imhoff visited the Seminary in 1740, nothing pleased him more than 'the perfect manner' in which Latin and Greek were imparted to the younger pupils. The Governor remarked, 'It was astonishing to hear the little black fellows chatter in Latin and construe Greek when they hardly knew Dutch' (34).

Great emphasis was also placed on the teaching of religion in ordinary schools. For example, Baldaeus, a leading churchman of the period observed of one of the schools in Jaffna that had made rapid progress, that its pupils could "refute the popish errors concerning purgatory, the Mass, indulgencies and auricular confession" (35).

Equally, the English educational model was transplanted in Ceylon, the base having been already provided by the preceding colonial powers. Whereas the Portuguese provided a base in the form of churches and schools for the Dutch to build on, so too, the Dutch provided, in addition to these institutions, an infrastructure of which the outstanding features were a codified system of laws, including a compilation of the customary laws of Jaffna called Thesavalamai and a fairly articulated communication system - for the first printing press set up in 1736 to cast Sinhala and Tamil types was bound to have far reaching ramifications.

For example, a significant development was in the field of journalism. As a UNESCO publication noted,

"... In the indigenous languages Tamil journalism preceded that in the Sinhala language. The first journalistic venture, in the Tamil speaking northern part of the island was the Morning Star, a bi-monthly Tamil journal founded in 1841. A great impetus to Tamil journalism was given by Arumuga Navalar, the leader of the Hindu revival... In 1849 he established a printing press in Jaffna..." (36).

However, English education had the effect of Anglicanisation of the traditional elite with whom institutional power remained. Milton Singer says,

"Within three years after the takeover of the Island by the British, Anglicanisation of the Ceylonese elite was already well under way" (37).

He explains that the early policies of the British,

"had the same twofold effect on Ceylonese leadership patterns as did the policies of the Portuguese and the Dutch before them: first, they weakened further the powers of the traditional elite; and second, they encouraged the remolding of the elite into the European - this time British - image" (38).

(e) Socio-cultural

The socio-cultural fabric of Hindu Tamil society in Jaffna was based on the institutions of caste and the village. It was caste

that determined one's place in the social hierarchy, and there was no prospect of social mobility except through the cycle of birth and re-birth governed by one's actions and inactions during one's life span - 'karma'.

The caste system as it existed in Jaffna was also associated with a form of slave labour. K.M. de Silva throws some light -

"Slavery in the Tamil areas of the Jaffna peninsula and the Eastern Province differed from that in other parts of the Island. The bulk of the Tamil slaves were employed as agricultural labourers on the fields of their owners, and were rewarded with a small proportion of the produce. In the Kandyan region slavery was domestic rather than predial, and slaves were employed less as servants than as the retinue or suite of the chiefs. Besides, the Tamil slaves belonged to four particular castes, viz., the Koviyars, Chandars, Pallas and Nalavars, among the lowest and most depressed in the Tamil caste hierarchy" (39).

Relationships and disputes between individuals, whatever their caste, status or occupation, were generally regulated by customary laws and practices.

Based on religion and caste, the socio-cultural ethos of the Jaffna Tamils is made up of innumerable beliefs and practices, culminating in an endless cycle of ceremonies, customs, festivals and rituals etc. Although some customs and ceremonies are meant to keep social groups and communities together and serve as status symbols, most are based on magical elements and are on the whole unproductive. Talcott Parsons in his Introduction to Weber's Sociology of Religion observed,

"On the oriental side, Hinduism has been a kind of Indian Catholicism. It mitigated the severity of the pure Buddhist-type doctrine by supplementing it with a social sacramentalism..." (40).

A.I. Qureshi observed,

"Inquiries conducted in various parts of India reveal that at least three-fourths of the total agricultural

debt of the country is what is popularly called un-productive credit. These loans are taken for marriages, ceremonies, births, sickness, funeral and other requirements" (41).

Similar conclusions were reached by Sir Malcolm Darling. In his survey of rural conditions in the Punjab, he corroborated the findings of various provincial surveys, notably the ones conducted in Bombay and the United and Central Provinces, and calculated that in excess of 30 per cent of rural indebtedness was attributable to "the social, religious, or legal customs by which the peasant is bound" (42). In a further study carried out in Malabar, Mayer concluded that "ritual expenses are heavy for all castes", and explained that rituals, such as marriages and funerals, had the effect of gathering members of a kinship group who would otherwise remain scattered. They also served as status symbols (43).

D.K. Rangnekar places the debt caused by social events and ceremonies around the 10 per cent mark (44). In spite of variations in estimates there is no doubt that customs and ceremonies account for a large proportion of the average peasant's expenditure. For instance, the National Sample Survey of the Government of India (1949-1950) (45) found that much more was spent by the average household on ceremonies than on education and medical services:-

Table 3

<u>CONSUMER EXPENDITURE PER HOUSEHOLD BY ITEMS OF CONSUMPTION IN RURAL AREAS - ALL INDIA (JULY 1949-JUNE 1950)</u>		
<u>Items</u>	<u>Expenditure (Rupees)</u>	<u>Percentage of Total Expenditure</u>
Food	758.27	66.31
Education	7.87	0.69
Medical Services	14.54	1.27
Ceremonies	82.46	7.21
All Others	280.36	24.52
Total	<u>1143.50</u>	<u>100.00</u>

Although caste like other traditional institutions has been subject to change as a result of education and social mobility, it has helped to intensify existing divisions by establishing new lines of social stratification. A Special Rapporteur of the U.N. Commission on Human Rights has observed the phenomenon in the context of Ceylon and India,

"Political independence, together with industrialisation, secularisation and education have all worked towards a new social stratification. What Bryce Ryan wrote on the changing character of caste in Ceylon in the 1950s was also true of India:

'The revolution which is pervading all Ceylonese institutions cannot leave caste untouched, for caste is a phenomenon integrated with feudal, personalised, and familial status relationships. Neither the values nor the structure of a secular and economically rational democratic state and economy can support this institution of another era. Many specific trends encompassed in the Ceylonese transformation operate to disrupt the caste system directly, as well as to shatter the social order which supports it. The widening popular, and virtually complete legal, acceptance of equality in opportunity and justice, and belief in the propriety of status by achievement bespeak a value system explicitly contradictory to caste. The joint development of urbanism and economic rationality, with their combined

effects on mobility, the growth of contractual relations and impersonality, provide objective circumstances in which structures of caste are unenforceable. Even more significantly, they establish disparities between traditional birth statuses and economic prestige and power'. (Ryan, Bryce, Caste in Modern Ceylon, New Brunswick, 1953, p. 338.)

Nevertheless, the growth of new classes in administration, commerce and industry on the basis of education and economic status has intensified existing divisions along lines of religion, language and caste and thereby exacerbated group conflict in the various communities.

Throughout the region, the response of the diverse groups and social classes to modern values and institutions has varied greatly, and this, in turn, has been one of the most important bases for new lines of social stratification. Generally speaking, as the rulers of India prior to the British, the Muslims proved more resistant to Western values and education than the Hindus. The kayasthas, boidyas, and brahmans in Bengal responded earlier than did other castes in their localities. Tamil-speaking people along the Madras coast responded more rapidly than the interior Telugus, the Bengalis more than the Biharis or Oriyas, the Punjabi and Uttar Pradesh Muslims before other Muslims" (46).

The point that needs to be underscored is that the new class divisions have intensified erstwhile differences and exacerbated group conflict. A concrete example was the much-admired scholar from Jaffna - Oxford-educated, ex-member of the I.C.S., ex-Don and ex-Parliamentarian - who, in 1968, invoked the Thesavalamai in defiance of Parliamentary legislation, to prevent members of the depressed classes from entering the historic Maviddapuram Hindu Temple in Jaffna (C. Suntharalingam).

(3) Mental States

(a) Political

As a consequence of the slow progress towards constitutional reform and the comparative smooth transition to independence, many people in Ceylon continued to accept a highly centralised politico-administrative machinery since colonial days. More than twenty years on since independence it was observed,

"The system remained a set of highly centralised, semi-autonomous departments, partially co-ordinated at the centre by the power of the budget and co-ordinated locally in some degree by government agents (22 in number) and divisional revenue officers (150 in number)" (47).

This had many results. In the first place there was a general apathy on the part of the general public over matters affecting their well-being, like, for example, health, regional imbalances in development, standard of living etc. In the second place, there was a lack of political consciousness in that people tended to exercise their franchise more on communal, linguistic or caste lines rather than on the basis of programmes put forward by political parties.

Another consequence was the emergence of the politician as the central figure in people's lives. This inevitably led to political patronage, and as is well known, bribery and corruption at all levels of public administration.

The most damaging consequence of a highly centralised administrative machinery was that it created a sense of hopelessness and inertia among the masses of the people, making them dependent on the state for anything and everything. Every small activity needed assistance from the government, which inevitably meant a measure of control by the latter.

(b) Economic

Far too much dependence on the Government to solve all problems was evident mostly in the economic field. As W.K.H. Campbell, former Registrar of Cooperative Societies, who initiated the de-officialisation move of the Cooperative Movement in Ceylon in the 1930s observed,

"... the inhabitants tend to be resigned and apathetic, mistrustful of their own abilities, disinclined to exert themselves and apt to assume that the initiation of all action is the business of the government" (48) .

Writing on the extended family, Bauer and Yamey point out that,

"On the negative side it acts as a serious obstacle to economic progress. A man is much less likely to be willing and able to rise in the income scale, and to save and invest, when he knows that, should he succeed in improving his position, he would have to maintain a large number of distant relatives.... At the same time the system, which is largely indiscriminate in its operation, minimises the inducement for people to improve their own position because they can count on being provided with the means of subsistence at a level not very different from that of the majority of their kinsmen, including the more energetic, thrifty and able. The system has other adverse effects which are less obvious" (49).

Another obstacle to economic progress was the conservatism of the average farmer or worker, whose methods of farming or production remained primitive well into the twentieth century. It was exacerbated by superstitious beliefs, customs and ceremonies, which accounted for a substantial proportion of the working time and expenses. For instance, G.D. Van Wengen observed that,

"both in Ceylon and India, it often happens that besides satisfying economic needs the cooperative society also complies with certain social needs. These may take various forms, for instance a cooperative society may organise a festival on the occasion of some day important to the society, which all members attend. Or it may be that the members wish to celebrate together the beginning or the completion of some work and for this purpose meet in the cooperative building or elsewhere" (50).

(c) Religious

Hinduism regards human history as a lower level of experience. Its implication is that the essential self of man is not expected to get deeply involved in the affairs of the world. As S.J. Samartha explains,

"In the classical Hindu view history is not significant, because it is swallowed up in the vastness of the cosmic process" (51).

The ideal life is one of renunciation and non-active

activity and it is everyone's duty to be concerned with delivering oneself from the chain of karma. A.C. Bouquet considers that Mahatma Gandhi was inconsistent when he dedicated himself unselfishly to the service of his fellowmen, since self-forgetful service is a "Christian, not a Hindu idea". He contends,

"It is true that the Ramakrishna and Arya Samaj movements engage in philanthropy, social reform and education, but their activities are not logically deducible from Hindu principles, especially the theory of karma" (52).

Yet men like Ram Mohan Ray, Mahatma Gandhi, Ramakrishna and Vivekananda were greatly influenced by Christianity as too the vast numbers of Hindus who came into contact with Christian ideas.

Albert Schweitzer explains,

"That these men undertook more energetically than any of their predecessors to combine with the ethic of becoming more perfect of heart the ethic which seeks activity within the world is, of course, due to the fact that they had become acquainted with, and influenced by, modern European world and life affirmation and the Christian ethic of love" (53).

Of Ram Mohan Ray((1772-1833) whom he describes as "the great pioneer of modern Indian thought", Schweitzer says that he was,

"deeply impressed by the personality and message of Jesus. In 1820 he published a book about His teaching, The Precepts of Jesus, which in his opinion contains ideas to which Indian thought does not ascribe sufficient importance" (54).

However, when it came to the average Hindu, as a consequence of the non-ecclesiastical nature of Hinduism and the far too many dogmas surrounding it, there was a tendency to oversimplify events and phenomena, sometimes to the point of naivety. E.F.C. Ludowyk cites an account of the following incident by A.M. Ferguson,

"... so utterly unacquainted were the natives of the north of the island with steam-propelled ships, that when the Seaforth visited Point Pedro, with Messrs. Anstruther and Dyke on board in 1841 or 1842, the population crowded to

the seashore, and I heard an educated Tamil exclaiming:
'Great and marvellous are Thy works, Lord God Almighty'".

Ludowyk adds,

"Such a remark would scarcely have risen to the lips of a Sinhalese, however astonished he might have been" (55).

(d) Educational

To the present day one can hear nursery school children in Jaffna singing together rhymes learnt by English children years ago, like 'London Bridge is falling down, falling down' etc. There is even a literal translation into Tamil of 'Three blind mice, see how they run' which, of course, children are forced to commit to memory.

Robert Fellows would have been overjoyed to walk down the streets of twentieth-century Jaffna studded with nurseries that cater to this elitist ego of 'Empire' days, for it was he who urged,

"Let her (England) sedulously labour to diffuse her vernacular idiom through all her foreign settlements and let her regard it as the best means of facilitating the greatest of all human works - the intellectual improvement of man" (56).

More than a hundred years ago (1865) the Morgan Committee on Education had observed (quoting one of the Inspectors of Schools) that what the education system had succeeded in producing was,

"a class of shallow, conceited, half-educated youths who have learned nothing but to look back with contempt upon the conditions in which they were born and from which they conceive that their education has raised them, and who desert the ranks of the industrious classes to become idle, discontented hangers on of the Courts and Public Offices" (57).

The main drawback of the education system lay more in what it imposed than what it imparted. Dr. P. Udagama, Director-General of Education explained,

"Our school curriculum however has not changed in a significant way over a century....

Rural schools have taken as their model schools like Royal College. Booklearning which was the basis of traditional religious education has not helped us in developing education for the nation. It has helped to develop middle class values that sometimes went against the values of the large masses of our society. A distaste for work has been created in the child. The child no longer cherishes the work of his parents or the social values of the home. Our education system is not related to the social environment in which the school is situated..." (58).

Where pupils have been conditioned to look on learning as a means of gaining a qualification and not relevant knowledge, the school's real function to educate becomes superseded by other considerations, and anything that stands in the way of the child's chance of success at examinations is resented.

In a scathing attack, Thomas Balogh speaks of the imitation of the expatriate mode of living by the new African (and, to a lesser extent, Asian) governmental, civil service, and commercial elites, which has brought about a class apartheid to a degree hardly equalled even by very old-fashioned imperial expatriates. He goes on to explain that the shortage of skilled manpower, especially in 'the vital rural sector' is,

"an interesting consequence of poverty, but also of tribal, feudal or religious attitudes which are incompatible with collective and individual social responsibility, cohesion and economic incentives.... " (59).

Balogh concludes that the,

"suggestion that education should be modelled consciously to serve the task of social transformation and adapted to the means and needs of the less developed world was as repugnant to the bien-peasant as it was to the privileged, exploiting the national revulsion against foreign domination for the protection of their own advantage. The actual history of de-colonisation has in most cases resulted in the rise of a new elite, which is as hostile to change in this respect as had been their predecessors and

adversaries. Once more it has been shown that no vested interest is as dangerous and ferocious as that of the intellect" (60).

Educationists in Ceylon had consistently drawn attention to one of the most fundamental weaknesses of education in Ceylon - the complete separation of the school from the life of the community and the failure of the school to prepare youths to be productive workers in society.

However, in spite of efforts here and there to introduce some form of practical or manual work in the school curriculum, nothing came of it, mainly due to vested interests and diehard attitudes. The National Service Scheme in schools is a case in point. In terms of Circular No. 39 of 23 November 1961, the Ministry of Education launched the scheme covering all schools and training colleges. Two years later it died a natural death, mainly as a consequence of unwillingness on the part of the school authorities to see things in a different way.

Some of the reasons for the failure of the scheme were highlighted at the time, the chief ones being,

- (a) "the apathy and uninterestedness of school principals,
- (b) opposition or lack of cooperation by parents, and
- (c) barriers of class and caste prejudices" (61).

(e) Socio-cultural

The more rigid the caste system in Hindu society the more behaviour and mental states and attitudes came to be determined by group sanctions rather than by individual decision or private conscience.

Max Weber had looked at the many sociological aspects of the Hindu caste system. Firstly, in spite of all efforts to fight caste segregation in industry and commerce, there have been certain

psychological resistance from those segregated. The reasons are not far to seek. Particular crafts, in so far as they are the preserves of particular castes, are assigned a religious sanction and given the character of a sacred vocation. Thus "each caste nourishes its feeling of worth by its technically expert execution of its assigned vocation" (62).

Secondly, the idea of karma and the belief in transmigration arose from the belief that any likelihood of one improving one's chances in subsequent incarnations depended on the faithful execution of one's vocation assigned one by God, and any attempt to intrude into the sphere of activities assigned to other and higher castes, would end in evil magic and possibly unfavourable incarnation in future.

"It is precisely the lowest classes, who would naturally be most desirous of improving their status in subsequent incarnations, that cling most steadfastly to their caste obligations, never thinking of toppling the caste system through social revolutions or reforms. Among the Hindus, the Biblical emphasis echoed in Luther's injunction 'Remain steadfast in your vocation', was elevated into a cardinal religious obligation and was fortified by powerful religious sanctions" (63).

In the third place, Weber draws attention to the tendency for the lower and more depressed castes to cling together,

"the more depressed the position in which the members of the pariah people found themselves, the more closely did the religion cause them to cling to one another and to their pariah position and the more powerful became the salvation hopes which were connected with the divinely ordered fulfilment of their religious obligations" (64).

(4) Environment

The three districts that constitute the Northern Province of Sri Lanka are Jaffna with a land area of 999 sq. miles, Mannar with a land area of 964 sq. miles and Vavuniye with a land area of 1,467 sq. miles.

Being a continuation of peninsular India both geographically and geologically, the Northern Province is composed almost entirely of crystalline rocks of Archaen age. The land mass in the Jaffna district is floored by limestone of sedimentary origin. Geological evidence suggests that this limestone was deposited in the bed of a sea which covered the North-West fringe of Sri Lanka and the South-West fringe of peninsular India in Miocene times, i.e. over 30 million years ago. Later, however, as a consequence of the shrinking of the sea, the rocks became exposed above sea level to form the dry land of Jaffna.

Jaffna is also a domain of salt water, with the coasts broken up by a series of inlets, and shallow lagoons stretching almost from coast to coast - no place in the district more than 40 or 50 miles from the sea. The district is also marked by the absence of fresh water streams or rivers.

The soil in Jaffna is, therefore, on the whole saline, the exceptions being the soils of the interior; of these, the red soil which owes its colour to the presence of iron sediment is the most fertile.

Being situated within ten degrees of latitude to the north of the equator, Jaffna is acted upon by the equatorial atmospheric phenomena, which renders it a climatic unit in itself. Jaffna experiences high temperatures averaging 81.5 degrees F., and an annual rainfall ranging from 40 to 60 inches, most of it concentrated in the three months from October to December. As a result of long periods of drought and high wind velocity brought about by ever-changing weather conditions in the Bay of Bengal, the loss of moisture due to evaporation is a serious problem in Jaffna.

It is from the point of view of Jaffna's water problem that

the nature of the bed limestone rock assumes great significance. Although the sedimentary limestone of the district is in itself not porous, it is permeable, being riddled with numerous cracks, crevices and joints. It acts as a good aquifer or water bearer, which accounts for a permanent and dense human settlement in the district. Where temperatures are high and rainfall low, and where evaporation is a serious threat to plant, animal and human life, such settlements as are found in Jaffna would not have been possible but for the sub-surface reservoir of rain water that could be tapped by sinking wells.

Out of the total area of 999 sq. miles, only about 200 sq. miles or about 20 per cent is suitable for either farming or habitation.

Land and sea being the two major resources of the district, farming, fishing and related activities provide employment to roughly 40 per cent of the population. The major mineral resources are salt, limestone and sand.

Output, however, depends upon the technique of production, which in turn primarily depends upon the availability of capital. Since it is impossible for capital to be accumulated out of low incomes, poverty is not only endemic but self-perpetuating. The low productivity of labour in Jaffna, as in the whole country, is due as much to the scarcity of capital as to the scarcity of land. Taking the country as a whole, while nearly 70 per cent of the population is dependent on domestic agriculture, only 20 per cent of the cultivated area is available to them.

Although per capita income is an indicator of per capita productivity, it is not an adequate index of the economic condition of the average family. This depends on the distribution of national income. Unfortunately there were no reliable estimates of the distribution of income in Ceylon before 1953. In that year the

Central Bank of Ceylon's Survey of Consumer Finances (65) estimated that roughly 83 per cent of the families in Ceylon received less than Rs. 150 per month and about 55 per cent of the families earned less than Rs. 75 a month. The broad pattern of income-distribution is unlikely to have been different before 1953, or changed significantly since, as the power base has always remained with the elite, thereby exacerbating the problem of income distribution between the rich and the poor.

To wit, the 1953 survey was followed by more comprehensive surveys in 1963 and 1973. Since the 10-year interval was considered too long to measure changes, the Bank conducted its survey 5 years after the one in 1973, i.e. in 1978/79. Pointing out that the average income per month for an individual was Rs. 228 in 1973 and Rs. 616 in 1978/79, the Bank hastened to add,

"Owing to the lack of a reliable price index the nominal incomes have not been converted to real terms...

.....

changes in the median are a more appropriate indicator of the average level of income, since unlike the mean, it is unaffected by the presence of a few high income earners in the sample. A comparison of the margins of increase in mean and median incomes between the two surveys indicates a shift in the distribution of income towards greater inequality" (66).

Despite unfavourable physical, climatic and economic conditions, the Jaffna District has been noted for its industriousness for a long time.

Some of Harry Williams' observations about Jaffna are relevant as they give a vivid picture of the general lifestyle in Jaffna irrespective of time scale:

"... It is an astonishing place, the Holland of the East, and its people have acquired very much the same reputation for thrift, common sense and indefatigable energy that the Scots have won for themselves in every quarter of the world... Closer inspection will reveal a hive of industry north of Elephant Pass, village upon village, all neat, clean and vigorous, with thousands of acres of tobacco plantations, highly cultivated market gardens producing chillies, brinjals, ginger, melons, cassava, sweet potatoes, yams and other vegetables, with acres of beautiful flower gardens. After the indifferent husbandry and slothful lack of pride of the Sinhalese villagers, this intensive cultivation is an object lesson in what can be done, particularly as rainfall is light in Jaffna, and droughts long and frequent. With all these handicaps, industry and energy have produced a prolific countryside, comparable to the best to be found in Java, where a desert might reasonably have been expected...." (67).

The Problem

The following chart (pp. 43-44) helps to identify the major problem:

The major problem identified by the leaders was economic, i.e. the raised aspirations of the average worker in a subsistence economy could not be satisfied under the existing system.

This was particularly so in the matter of the credit requirements of farmers and others who were anxious to increase their personal wealth and improve their economic position by undertaking intensive cultivation or other occupations such as fishing or textile and pottery manufacture.

Associated with meeting the credit needs of farmers and other workers was the need for a comprehensive programme of education, first of all to teach them how to use the credit to increase their output as well as to reinvest their profits to take advantage in a market economy. It was also necessary to teach them that if only they could pool their resources, they could eventually cut through their indebtedness to, and exploitation by traditional institutions

like the landlords, money-lenders and traders. They also needed to be sufficiently motivated through education and tangible results how to overcome barriers of traditional beliefs, apathy, inertia, suspicion, conservatism etc., built up over generations. Finally, they had to be made to realise through education, added by tested and credible built-in safeguards, that credit was not a gift from heaven, but simply a debt that had to be repaid.

Another need associated with solving the major economic problem was seen to be genuine people's participation in the decision making process, so that they could become self-confident, self-reliant and masters of their own destiny. It was also thought that some kind of forum for people's participation would provide a base at grassroots level to inculcate the democratic ideal, to which the country was becoming increasingly committed, as well as serve as a training ground for future leadership.

The Cooperative Movement appealed to the leaders as a possible solution to the problem they identified.

What influenced the leaders more than anything else in their desire to try the Cooperative solution in Ceylon was the success of the Cooperative Credit Movement in Germany during the 1840s, already well publicised in India mostly through the efforts of the colonial administrators. Chapter II will examine the agitation mounted on several fronts to persuade the Government to act.

Chart 1

Social Patterns	Political	Economic	Religious	Educational	Socio-Cultural
NORMS (NEW ASPIRATIONS)	Desire for political reform and independence. Enlightened leadership helped promote change.	Desire for economic development and personal wealth.	Some wanted to become Christians. No conflict of norms with Hinduism.	Many wanted English education which would give them government jobs. English education led to revival of traditional learning.	Some wanted to go to the capital city and some wanted to go abroad; social mobility became a desirable goal for many.
INSTITUTIONS	Institutional power remained with the elite and concentrated on communal and caste lines.	Exploitation of farmers under land tenure system. In the absence of organized credit, there was rural indebtedness.	Caste system continued to be a barrier to change in diverse forms.	Demand for English education met by missionary schools. The cultural revival brought about by English education led to the formation and development of institutions to promote Hindu education. Yet the content of education was literary and academic and not geared to development.	Unproductive customs and ceremonies and new forms of social stratification.

Continued.....

Chart 1 (cont.)

Social Patterns	Political	Economic	Religious	Educational	Socio-Cultural
MENTAL STATES	General apathy, inertia and lack of political consciousness and a sense of patriotism among the masses.	Too much dependence on government, apathy, conservatism, disinclination to challenge the status quo. Attitudes within joint family systems inhibited change.	Healthy attitudes towards other religions, some beliefs and attitudes inimical to development.	Unhealthy values and attitudes imposed by the education system; resistance from vested interests to change.	Some social prejudices and attitudes continued in spite of inroads made by education.
ENVIRONMENT	CONDITIONS UNDER WHICH PROBLEMS ARISE AND SOLUTIONS ATTEMPTED				

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Chapter II

GENERAL SOLUTION

It had been already seen through the initiatives taken by national leaders that reform of existing laws and practices and enactment of new laws where necessary was a successful way of protecting ordinary people from exploitation. The abolition of the Grain Tax is a case in point. The tax, levied on the ground of immemorable usage, continued even after most traditional services and taxes were abolished by the Proclamation of 1818, and lands growing export crops were exempted. In a scathing attack on the tax, Sir Emerson Tennent, a member of the Executive Council had said that it would have been difficult to devise a scheme more pregnant with oppression, extortion and demoralisation. The Secretary of State appointed a Commission of Inquiry and its Report was issued in 1849. In recommending a general land tax it observed that it had no doubt as to,

"the oppression and extortion committed under the system of farming out the annual assessment on paddy lands, the discouragement which it causes to the cultivation of that description of produce, and the demoralisation which tyranny and avarice on the one side, and cunning and deception on the other, necessarily create among all who are connected with it" (68).

Investigations made into the conditions of peasants in the Uva Province and the Nuwara' Eliya District bared the facts. Mr. F.C. Fisher, C.C.S., who was directed by the Governor to examine the land sales in Uva between 1882 and 1885 reported,

"These sales and their disastrous effects are typical of what has occurred in all the upper division of the Province during the last ten years, and further enquiry would only result in a repetition of the facts already mentioned" (69).

Summing up the findings of Mr. Fisher in a despatch to the Secretary of State, the Governor Sir A.E. Havelock wrote,

"The facts and figures given by Mr. Fisher are remarkable. In the Udukinda Division of Uva, to which his report relates, during the four years from 1882 to 1885, 22½ per cent of the total area of paddy lands was sold in default of payment of the tax. Those lands realised, when thus sold, an amount only 22 per cent in advance of the amount of tax due upon them. The sales deprived of their landed possessions 2,930 heads of families, representing about 14,650 persons or 49 per cent of the total population of the Division..." (70).

In 1891 Mr. A.M. Ashmore, the Grain Tax Commissioner re-examined the Grain Tax Assessment of Udukinda. He disclosed that there had been an over-estimate of the value of the paddy, and that a mistake had also been made "as to the English equivalent of the native measurement". The original tax for 8,046 acres in 1887-88 was Rs. 29,138. The revised tax in 1891 for 8,218 acres worked out to be Rs. 17,136 (71).

A serious moral issue had reared its head. There were repercussions throughout the country until the tax was finally abolished in 1892.

It soon became apparent to the leaders that it was not borrowing that affected productivity in agriculture, but indebtedness, i.e. if there are reasonable arrangements for the loan to be repaid during a stipulated period, then notwithstanding the size of the loan it is a sound use of credit and there is no question of indebtedness or insolvency; on the contrary, if the farmer is unable to settle his debt without dispensing with his assets or declaring bankruptcy, or where he has to pledge his labour or that of his family without limitation, then there is a state of indebtedness and subservience which affects productivity. If organised credit could be arranged to eradicate indebtedness it would not only put an end to exploitation of labour, but also increase productivity, e.g. by extending loans at comparatively low rates of interest and providing the incentive for better farming and a higher standard of living.



It also became evident to enlightened leadership that some form of socio-economic organisation was necessary in which people with common problems could work together to solve them. Already the cooperative form of organisation had been tried successfully in other countries, notably England, Germany, Denmark and India, where people had similar problems.

Agitation for reforms in agriculture, particularly in the matter of provision of credit facilities to farmers, began to mount until the government was obliged to act. Foremost among the agitators for reform was Dr. Ferguson of the Ceylon Observer who published a periodical called the Tropical Agriculturist along with its supplement The Agricultural Magazine. The latter writing editorially in September 1901 drew the attention of the Government to the urgent need for the establishment of agricultural banks in Ceylon. In the December issue of the same year there appeared an article on Raiffeisen Banks. Obviously Dr. Ferguson had been influenced by Sir Frederick Nicholson who had undertaken a special study of rural credit institutions in Europe in 1895 at the request of the Madras Government and whose "Report on Land and Agricultural Banks" had gone on to make a strong case for the introduction of credit societies of unlimited liability in India on the lines of the societies established by F.W. Raiffeisen in Germany during the 'hungry forties'.

As a consequence of increasing pressure for reform from the English educated a public meeting was convened by the Governor, Sir Henry Blake, following which the Ceylon Agricultural Society was formed in October, 1904. With the Governor himself acting as President, a Board of Agriculture whose members were nominated by the Governor functioned as the Executive Body of the Society.

Committees of the society were entrusted with special work in connection with paddy cultivation throughout the country. Regional branches were also established to relay to the cultivators the results and benefits of research. One of the objects of the branches was 'the encouragement of various methods of cooperation in agriculture. To serve as its medium for propaganda the society took over the publication of the Tropical Agriculturist started by Dr. Ferguson. Partly due to the patronage given by the Government and partly as a result of the support extended by the English-educated sections of the population, within a period of three years the society had established 49 branches with a membership of 1132. From 1906 direct government grants were given to the society.

Agitation for further and more constructive reform came from many quarters, especially the English-educated who had begun to occupy high administrative posts within the Government. The most vociferous call came from the Government Agent of the Uva Province, Mr. J.O.K. Murty. Having worked previously in India and being aware of the success of the Raiffeisen model cooperatives which were introduced there in 1904, Mr. Murty sent a special appeal to the Colonial Secretary in 1908 urging the establishment of cooperative credit societies for the native agriculturists of the Province of Uva on the lines of the Bengal societies. He also forwarded a copy of the by-laws of the Bengal societies with suggested modifications to suit local conditions. However, governmental action awaited the arrival of Sir Henry MacCallum as Governor, who appointed a Committee of Investigation in 1909, and submitted to it a personal memorandum recommending the establishment of the type of cooperative credit society advocated for India by Sir Frederick Nicholson.

The Committee of Investigation, named the Agricultural

Banks Committee, consisted of nine members with the Hon. Mr. H.L. Crawford as Chairman. The Committee's remit was to,

"consider the whole question of agricultural banks, whether they are required in Ceylon, and how far banks on the models introduced in India and other countries are suited for the conditions in Ceylon" (72).

After a brief investigation the Committee submitted its report, which reflected in the main the aloofness of the members of the Committee from the real problems encountered by the peasantry. However, the Committee made a number of recommendations, the principal one being, "the introduction of an Ordinance on the lines of the Cooperative Credit Societies Act No. X of 1904 introduced in India...." (73).

On the Government accepting the recommendations of the Committee, The Ceylon Cooperative Credit Societies Ordinance No. 7 was passed in the Legislative Council on 5 May 1911.

The German Raiffeisen model of cooperative society appealed to the leaders as it had some special features, which, they considered would suit the conditions in Ceylon and help to solve the major problems affecting the farmers.

There was famine in Westerwald, Germany following the failure of the harvest in the extremely severe winter of 1846-47. The first step was taken when Frederick Raiffeisen, the country mayor, established a "Bread Society" to help the very poor. The second step was taken when with the Society's help, Raiffeisen purchased agricultural necessities to be given as credit to the poor farmers, the important point being, that apart from the acute need of the moment, there was a permanent state of poverty, because of the poor people's inability to obtain credit. The third and final stage was when in 1849, Raiffeisen established a self-help society in the

neighbouring village of Flammersfeld. It started by dealing in cattle, but was soon transformed into a credit cooperative with unlimited liability, to provide loans for all sorts of purposes.

The principle of unlimited liability was born out of the practical wisdom of Raiffeisen. It meant that members who joined the cooperative credit society committed themselves to guarantee with their entire assets the risks taken by the society. In other words, members were jointly and severally liable without limit or restrictions for any debts incurred by the society, to the full extent of their assets, movable and immovable.

In the first place, by pledging their unlimited liability, those members who are comparatively affluent are able to take a rather heavier risk, the principle being that this is necessary for the benefit of the less affluent members and for the fulfilment of the objectives of the society, i.e. to help the weaker members by providing credit facilities. In the second place, most of those who join the society, join it for the sole purpose of obtaining credit, but they do not have suitable assets to offer as security. The only security they are able to pledge is their industry and integrity. Thus what in fact unlimited liability achieves is to capitalise on the sterling qualities of the average member and act as a device to pool the material resources of the entire membership, the underlying factor being a spirit of altruism, mutual trust and obligation.

Uma Lele speaks of a third aspect of unlimited liability, the reduction of costs of lending to small farmers by simplifying lending procedures:-

"Cooperative institutions are not only geared to individual gain, but also oriented to highly individualistic principles of credit worthiness and ability to repay, albeit paradoxically. The requirements of downpayment and proof of an individual's land rights to ownership or to tenancy which are used to ensure repayment are at best administratively

demanding and at worst, impossible to many small farmers and tenants to meet, particularly as these requirements seem to be less important in determining farmers' motivation to repay than are factors such as political power to get away without payment and profitability of investment.

This is one of the many reasons why group responsibility for screening applications and ensuring repayment has at times been considered a better alternative than individual criteria of credit worthiness. If properly developed, group lending can permit savings in credit administration, while at the same time providing scope for active grass root participation and delegation of responsibility to low income farmers. The extent to which the group approach is successful would, however, depend on the social cohesion and economic homogeneity of the groups" (74).

Such a form of organisation would above all have to educate its members, first of all about the various purposes of the organisation itself, the responsibilities of membership and the risks involved in an enterprise based on unlimited liability.

In the second place members had to be taught how to manage their own affairs e.g. conducting meetings, taking decisions, keeping accounts, breaking even and dealing with the profits and losses of the organisation. Gunnar Myrdal explains,

"A person may have a little ability to read and write but not enough to enable him to put his skills to practical use. In literature, therefore, we meet the term 'functional literacy'. It is extremely difficult to give a definite meaning to that concept. The definition of functional literacy as the ability to read, write and reckon intelligently for one's own practical needs accords with common sense but is not specific enough to be very useful. 'Arithmetical literacy' is a vital aspect of functional literacy; from the standpoint of economic development it is at least as important as 'verbal literacy'. Obviously, the ability not only to read and write figures with understanding but also to add, subtract, multiply, and divide is of importance in all industrial work, in rationally managed agriculture, in commercial and credit transactions, and, of course, in such specific development efforts as planning on the local level and building up a network of cooperatives" (75).

Membership education had also to concentrate on changing the attitudes, beliefs, habits, values and prejudices not only in the conduct of business and members' social relations, but also in the day to day practical aspects of farming such as ploughing, weeding, manuring, use of pesticides and insecticides, marketing, etc.

Members also needed to be taught of the rights and responsibilities, especially their right to participate in the decision making process and their responsibilities, which would give them the much needed self-confidence and self-reliance. Member participation and self-reliance were seen by the leaders as indispensable and mutually reinforcing control mechanisms and safeguards regulating the internal and external relations as well as the functioning of the cooperative organisation.

It was also necessary for the average member of a cooperative society to have a basic understanding of the philosophy of cooperation. C.R. Fay had already defined a cooperative as,

"an association for the purposes of joint trading, originating among the weak and conducted always in an unselfish spirit, on such terms that all who are prepared to assume the duties of membership may share in its rewards in proportion to the degree in which they make use of their association"(76).

Fay, the Research Scholar, had been undoubtedly influenced by the pioneers at Rochdale and the societies organised by Raiffeisen in Germany in the 1840s. Whereas the Rochdale Movement was a reaction of wage earners caught up in the Industrial Revolution against exploitation, the Movement in Germany was born to help small farmers and artisans caught up in the famine in 1846. Both developed into self-help movements with certain common characteristics, that it was eventually possible to give a definition to a cooperative organisation, so as to distinguish it from other forms of commercial organisations.

The term "weak" in Fay's definition of the cooperative was relative and did not confine the movement, as is sometimes erroneously believed, to the "poor" alone. It was amply borne out by the participation of the relatively better off members to mitigate the risks of unlimited liability that the Raiffeisen societies promoted in Germany. This together with the quality of unselfishness expected of members and the principle of sharing the rewards in proportion to the degree in which members made use of their association, bore on questions of morality, egalitarianism and social justice.

The emphasis thus had to be on well defined policies to promote the philosophy of cooperation and a comprehensive policy and programme of education aimed at a wide range of people involved in one way or another in the working of the cooperative form of organisation. Also, the introduction of the Cooperative Movement by legislation in 1911 meant that the success of the Movement had to depend very heavily on the policies pursued by the Government and by the Movement's leaders in various parts of the country. The general policies pursued in the Northern Province are examined in Chapter III.

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Chapter III

POLICIES OF THE COOPERATIVE MOVEMENT IN THE NORTHERN PROVINCE OF CEYLON, WITH SPECIAL REFERENCE TO THE JAFFNA DISTRICT

In order to understand the policies of the Cooperative Movement in the Northern Province of Ceylon, it is necessary to have a basic understanding of the essential philosophy and principles of the movement as they developed over a period of time, beginning with the Rochdale Pioneers (1844) and Friedrich Wilhelm Raiffeisen in Germany (1846).

One of the best known definitions of a cooperative society in the modern context is by P. Lambert in which he emphasises the ideas of self-help, mutual interests, democratic basis and community orientation. According to him,

"A cooperative society is an enterprise formed and directed by an association of users, applying within itself the rules of democracy and directly intended to service both its own members and the communities as a whole" (77).

Fortunately for the benefit of cooperative societies everywhere the Rochdale Pioneers had committed their principles to paper, which has made it possible for cooperators in all parts of the world to study and re-formulate these principles in the light of different experiences and circumstances under the aegis and guidance of the International Cooperative Alliance (ICA) founded in 1895 and the International Labour Organisation (ILO) founded in 1919.

The ICA appointed a Central Committee to examine the Cooperative Principles in the light of conditions that prevailed in member countries and report to the Congress held in Paris in 1937. On the report (78) of the Central Committee the following principles were approved by the ICA Congress:

- (1) Open membership; (2) democratic control; (3) distribution of surplus in proportion to transaction by members; (4) limited interest on share capital; (5) political and religious neutrality; (c) cash sales and (7) education of members.

The Principles as re-formulated at the 23rd Congress of the ICA held in Vienna in 1966 were:

- (1) Membership of a cooperative society should be voluntary and available without artificial restriction or any social, political, racial or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities of membership;
- (2) Cooperative societies are democratic organisations. Their affairs should be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary societies should enjoy equal rights of voting (one member, one vote) and participation in decisions affecting their societies. In other than primary societies the administration should be conducted on a democratic basis in a suitable form;
- (3) Share capital should only receive a strictly limited rate of interest, if any;
- (4) Surplus or savings (changed to "The economic results" at the 24th ICA Congress held in Hamburg in 1969), if any, arising out of the operations of a society belong to the members of that society and should be distributed in such manner as would avoid one member gaining at the expense of others. This may be done by decision of the members as follows:
- (a) by the provision for development of the business of the cooperatives;

- (b) by the provision of common services; or
 - (c) by the distribution among the members in proportion to their transactions with the society.
- (5) All cooperative societies should make provision for the education of their members, officers, and employees and of the general public, in the principles and techniques of Cooperation, both economic and democratic; and
- (6) All cooperative organisations, in order to best serve the interests of their members and their communities should actively cooperate in every practical way with other cooperatives at local, national and international levels (79).

Cooperators were well aware of the social and moral aspects of the Cooperative Movement, in addition to its economic purpose. Although the ICA Commission (80) under the Chairmanship of Professor D.G. Karve (1964) addressed their mind to it, long before them George Fauquet had already emphasised it in his famous The Cooperative Sector, first published in French in 1935 and subsequently translated into many languages.

Fauquet observed,

"Those whom cooperation brings together are united by a community of economic needs and also by a community of sentiment - a common conception of the rules of social and moral life"(81).

According to an ILO publication,

"A cooperative society is an association of persons varying in number who are grappling with the same economic difficulties and who, voluntarily associated on a basis of equal rights and obligations, endeavour to solve those difficul-

ties, mainly by conducting, at their own risk, an undertaking to which they have transferred one or more of such of their economic functions as correspond to their common needs, and by utilising this undertaking in joint cooperation for their common material and moral benefit" (82).

General Policies in Jaffna

Looking at the cooperative picture in Ceylon as a whole, there was very little growth of the movement between 1911 and 1920 - only a total of 136 cooperative credit societies had been registered by 1920, of which 17 were in the Northern Province. This was due partly to the intervention of World War I and partly due to the absence of any constructive policies on the part of the Government, who found it expedient to leave the responsibility of managing the affairs of cooperative societies, including their registration, to the Department of Agriculture. The latter was not equipped with the necessary expertise, staff and resources for the task of building a movement from scratch. Whatever growth that took place during the early years was therefore sporadic. Although the Ceylon Cooperative Societies Ordinance of 1911 was amended in 1921 to allow for the registration of other types of cooperative societies, of the 315 cooperative societies registered in 1925/26, 290 were credit societies.

Beginning with 1926 there was a radical change in government thinking with a keen and dedicated civil servant, Mr. W.K.H. Campbell taking over as Registrar of Cooperative Societies. His period of office (1926-1934) was one of a policy of consolidation and expansion of credit societies and encouragement of other types of societies.

Campbell embarked on a policy of de-officialising the Cooperative Movement and also set up a separate Cooperative Depart-

ment in 1930 with the Registrar as its Head. The same year Mr. C. Ragunathan was appointed as Assistant Registrar for the Northern and Eastern Provinces, although he had been in Jaffna since 1929 preparing the ground, e.g. working for the establishment of the Jaffna Cooperative Provincial Bank (83).

It was Ragunathan more than anyone else who helped to evolve a policy for the development of cooperative societies in the Northern and Eastern Provinces, especially Jaffna. Jaffna was fortunate in getting the services of Ragunathan, a native of the place who had returned to his homeland after a brief spell of service in the Malayan Railways. Having undergone initial training in cooperative work in Poona, Ragunathan took on the task with a great deal of devotion and patriotic fervour (84).

In the first place he set about recruiting leaders of calibre and integrity who commanded respect and acceptance in the community. Secondly, he decided to encourage the formation of secondary organisations to co-ordinate the educational and supervisory work in their respective area of operation; he also saw the need for a tertiary organisation to be a focal point for all educational and supervisory work and give a sense of direction to all types of cooperative societies in the two provinces in his command. In the third place, since subsistence farming was the main occupation of the people in Jaffna he adopted a policy to pay special attention to the growth of cooperative credit societies. He identified as the next priority that he needed persons of some financial standing in the community to provide the initial capital base and experience for the Cooperative Movement to take off. Having established the priorities Ragunathan also made it the general policy of the Movement to encourage special types of cooperatives to meet the particular needs of workers. With the help of the others he set about the task

with a clear sense of direction.

(1) Leadership

The smooth transition of power from colonial rule to independence was no less due in some measure to the fact that the higher echelons of public service belonged to the elite, most of whom were able to move with great facility among the concepts of democratic institutions. The relatively high level of literacy among the masses was also to an extent responsible for the easy transition.

Cooperative development called no less for a high calibre of leadership and a high quality of administrators for the wide dispersal and understanding of the cooperative concepts and principles among the rank and file of the membership. In other words, underlying the very nature and purpose of the cooperative organisation is the fact that the individual member is permanently confronted with innovations, not only in the economic and technical fronts, but also in respect of social forms of living and communicating, which presupposes an optimum informational level on the part of the members as well as those who provide the leadership.

The long term solution appeared to Regunathan to lie in recruiting leaders from among the intelligentsia, both provincially and locally, who would be able to lead as well as look after the interests of members by developing their understanding, participation and self-reliance.

R.C.S. Cooke, an alumnus of Jaffna College, who joined the Cooperative Department as an Inspector of Cooperative Societies and rose to the rank of Senior Assistant Commissioner describes Ragunathan's policies of recruitment in the following terms,

"My first association with the late Mr. Veerasingam, M.B.E., J.P., B.A., was as a distinguished Alumnus of Jaffna College and later as the Principal of Manipay Hindu College who

had a magnetic influence over his students.

I am reminded of an incident at a football match on his college grounds when there was a row and some hooting. Mr. Veerasingam just tied his shawl around his waist, in his own usual fashion, and walked majestically across the football field. There was perfect silence and the trouble makers just vanished without a murmur. One of my bosses, the late Mr. C. Ragunathan, was also present with me on this occasion and he was very much impressed with his personality. He told me, 'here is a leader whom we should try and rope into the Cooperative Movement', and he lost no time in calling on him the following week to acquaint him with the objects and advantages of Cooperation" (85) .

Mr. Veerasingam, was to become the first and long-serving President of the Northern Division Cooperative Federation, the first tertiary cooperative institution to be formed in Ceylon.

Ragunathan seems to have had a hand too in getting the services of the Rev. A.A. Ward, an American Missionary, to be the first President of the Cooperative Provincial Bank established in Jaffna in 1929. Significant too is the fact that the second President of the Jaffna Cooperative Provincial Bank was the Principal of Jaffna College, the Rev. John Bicknell, who was succeeded by Mr. V. Ponnampalam, Malayan Pensioner, who held office for several years, ably assisted off and on by Mr. Veerasingam in his capacity as the head of the Northern Cooperative Movement and Vice-President of the Cooperative Bank itself (86).

(2) Secondary/Tertiary Organisations

Campbell's declared policy was that the Cooperative Movement should be entirely independent of government and, therefore, he encouraged the formation of secondary unions to take responsibility for the organisation and supervision of primary cooperative societies.

It thus became official policy of the Assistant Registrar in Jaffna, Ragunathan, as well as the Northern Division Cooperative

Federation later, to develop initiative and responsibility locally by giving the unions and their member societies every opportunity to manage their own affairs with minimum interference.

As the Royal Commission on the Cooperative Movement in Ceylon observed,

"Campbell attached great importance to supervising unions as instruments in the de-officialisation of the organisation and supervision of societies.... The first union to be registered under the name of 'supervising union' was the Tholpuram-Moolai Supervising Union in the Jaffna District in 1929. A number of supervising unions were formed in the succeeding years..." (87).

The Northern Division Cooperative Federation (NDCF), the first tertiary organisation to be formed in Ceylon, was also Rangunathan's brain child to continue the policy of de-officialising the cooperative movement. As Mr. Rajaratnam, Mr. Veerasingam's successor in office explains,

"It was the late Mr. C. Rangunathan, the then Assistant Registrar of Cooperative Societies, who conceived the idea of a Federation. He envisaged it as the nucleus of the Cooperative Movement in Ceylon, which would pave the way for the control of the Movement by the Movement itself, quite independent of Government.... It was registered on 20th July 1937, with the blessings of the then Registrar, Mr. W.K.H. Campbell..."

As the first apex organisation in the Island, and as a step towards de-officialisation of the Movement, the Federation was charged with the responsibility of recruiting sub-inspectors....

The object of the Federation, since its very inception, can be summarised as follows: to facilitate the operation of cooperative societies, to arrange for the supervision and audit of cooperative societies; to provide educational assistance to be given to members and employees of such societies; to take other measures designed to improve, or assist the work and extend the usefulness of cooperative societies, and generally to propagate the proper understanding of Cooperation. Though much still remains to be done... the Federation has to a large extent fulfilled these objects" (88).

(3) Development of Cooperative Credit Societies

The authorities in Jaffna showed a special interest in the development of cooperative credit societies, as they believed that they would provide the real backbone of the cooperative movement in the villages and make the philosophy of cooperation meaningful to the people; they would also serve as schools of democracy and provide the training ground for leadership at grassroots level.

Since the cooperative credit societies introduced to Ceylon were of the Reiffeisen model, with unlimited liability of members as one of its main pillars, it was necessary from the outset to pay special attention to explain the significance of the particular model of cooperation in the context of people's needs and aspirations. With that in view it was official policy to ensure that all the necessary groundwork was covered thoroughly before a society was considered suitable to be registered. In other words, when it came to the organisation and management of the Reiffeisen model of societies provided for in the Act of 1911, it called for much more circumspection and preparatory work than was considered necessary in the case of other types of societies.

In undertaking such a task it was also official policy to use unlimited liability as an inducement rather than as a limitation. Members and officers were made to understand that unlimited liability could be used as an inducement to exercise effective control over the issue of loans. The risks could also be considerably minimised by the selection of honest and trustworthy members and office bearers, by limiting borrowing to the bare minimum, by adopting proper methods of controlling and supervising all aspects of the society's transactions, including checking on how the loans issued to members were being utilised, and by encouraging and facilitating a gradual build up of the society's reserve funds. Since in principle surplus

funos are not distributed to members of cooperative societies, they were encouraged to build up their own reserves, thus minimising the society's credit requirements and promoting viability.

It was this comprehensive and long range policy of the cooperative authorities in Jaffna that prompted them to establish the Jaffna Cooperative Provincial Bank, to look after the finances of credit societies in particular, and meet their credit needs.

(4) Enlisting Services of Persons with Capital, Experience etc.

The Northern Cooperative authorities, especially Ragunathan, embarked upon a deliberate policy of enlisting the services of persons with capital, experience and time to spare, especially those with a sense of service, to help the movement to take off. A special target was the pool of human resources available among the Malaya—returned pensioners and Ragunathan, himself a pensioner from Malaya did not hesitate to make use of them, particularly in organising special institutions such as the Jaffna Cooperative Provincial Bank, the Moolai Cooperative Hospital Society and the Jaffna—Malayalam Tobacco Cooperative Sales Society.

For instance, Mr. V. Ponnampalam, a distinguished Malayan pensioner, served as Vice—President of the Jaffna Cooperative Bank for the first two years since it was established, and went on to guide the bank's destinies as its President for a number of years.

The Royal Commission on the Cooperative Movement in Ceylon did well to take note of this special feature when they observed of the Moolai Cooperative Hospital Society,

"Though a small group of nine active societies, cooperative hospitals provide an extremely useful service. The pioneer among these, the Moolai Cooperative Hospital, was registered in 1936 and has become a unique society in a class by itself....

"It started as a cooperative dispensary established by pensioners from Moolai and adjoining villages who had returned from Malaya. A doctor and two apothecaries who were pensioners gave their services free of charge." (89).

(5) Encouraging Special Types of Cooperative Societies

From the outset the authorities in Jaffna adopted a policy of encouraging the organisation of special types of cooperative societies, with the aim of helping those workers who were subjected to exploitation by middlemen and money-lenders.

As a result many societies were set up for special purposes, such as the Jaffna-Malayalam Tobacco Cooperative Sales Society, Textile Cooperatives, Fishermen's Cooperatives, Cooperative Building Societies, Transport Societies, Cooperative Agricultural Production and Sales Societies, Labour Societies, Industrial Societies, Dairy Societies, etc.

In course of time most of these primary societies set up their own secondary unions, e.g. The Tobacco Grower's Union, Textile Union, Fishermen's Union, Agricultural Producers' Cooperative Union, Harbour Workers' Union, etc.

The policies pursued in the Northern Province, including the educational policies were largely instrumental in determining the success of the Cooperative Movement in the Province, especially the Jaffna District. The educational policies are examined in some detail in Chapter IV.

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Chapter IV

EDUCATIONAL POLICIES OF THE COOPERATIVE MOVEMENT
IN JAFFNA

It is significant that in the cooperative principles reformulated from time to time and in most major works on the Cooperative Movement, great emphasis is placed on education. The Rochdale Principles, approved at different periods since 1844, had education of members incorporated as one of the main principles in 1854.

The Royal Commission on the Cooperative Movement in Ceylon saw the situation very vividly,

"The first social responsibility of a cooperative society lies in the field of education - and by this we do not mean simply cooperative education in the narrow sense of instruction about the cooperative movement, its principles and the bylaws of a particular society, but education in the broad sense of knowledge and understanding of the economic and social forces which direct men's lives" (90).

The Commission went on to observe,

"But the movement has even greater responsibilities than these, particularly in a nation that must use all its human resources and manpower to very best advantage in order to achieve progress as rapidly as possible. We have in mind such important social virtues as thrift, honesty and sense of responsibility and habits of orderliness, work and punctuality. The disciplines of a well conducted cooperative society can be a constant influence for better living, giving people an institution through which they will learn and exercise certain habits and attitudes that do not come naturally but must be acquired in everyday social behaviour. One writer on Cooperation puts it this way: 'The Cooperative Movement frees its members not only from usurers and profiteers, but also from themselves and their bad habits' (Maurice Colombain)" (91).

And indeed, Colombain adds,

"by giving them the occasion consciously to shape their economic life; by creating a new system of constraints freely worked out and consented to, which deliver them from social constraints either odious or void of meaning; by placing them without distinction of class or sex within a simple framework of self-government in which they become

familiar with democratic procedures, it trains them in their civic duties, reconstitutes a new social fabric which prolongs or replaces former forms of collective life gradually dying out, and, without destroying what is original and fruitful in their national culture, tends to establish a natural and free communication between that culture and the modern world" (92).

Special Factors Influencing Educational Policy in Jaffna

The policies and programmes of the Cooperative Movement in Jaffna were at the beginning determined by the Government acting through its officials, who were at first attached to the Agriculture Department and from 1930 to the newly created Cooperative Department. However, due to some special circumstances the policies and programmes pursued in Jaffna tended to be different from those followed elsewhere in the country.

Jaffna had a comparatively literate community, which provided a solid base for cooperative societies to be established and gradually developed. Taking Sri Lanka as a whole, even as late as 1969, P.J. Hermon saw a casual relationship between the low level of literacy among the rural population of the country and the failure of the Cooperative Movement (93).

The figures published by Sumathipala put the picture in perspective. He shows how a break-down of the figures on a provincial basis gives a better picture of the expansion that took place during the first 20 years of free education (1946-1965) (see Tables 4 and 5, p. 72).

"The differences among the Provinces", Sumathipala explains,

"were even greater if one were to compare the average attendance instead of the numbers on roll. Uva had less than 12 per cent of the population in school. Even of this number less than 50 per cent attended school regularly. In the Eastern Province, of the numbers on roll only 64 per cent attended school. On the other hand, Western, Central, Southern, Northern and Sabragamuwa had over 80 per cent attendance" (94).

Table 4

Province	<u>1946</u>			
	Population	No. of Schools	No. of Pupils	Percentage of Population in Schools
Western	1,876,900	1,296	283,685	15.1
Central	1,135,200	1,109	134,694	11.9
Southern	961,400	735	150,517	15.6
Northern	479,500	572	90,394	18.8
Eastern	279,100	266	32,810	11.8
N. West	667,900	590	93,484	14.0
N. Central	139,500	181	15,858	11.3
Uva	372,200	352	44,092	11.9
Sabragamuwa	745,400	658	87,824	13.1

Table 5

Province	<u>1965</u>			
	Population	No. of Schools	No. of Pupils	Percentage of Population in Schools
Western	3,015,000	1,734	638,378	21.2
Central	1,813,000	1,508	345,765	19.1
Southern	1,520,000	1,254	317,109	24.4
Northern	786,000	854	184,455	23.5
Eastern	580,000	546	112,504	19.4
N. West	1,226,000	1,179	262,819	21.5
N. Central	417,000	555	96,566	23.1
Uva	704,000	624	113,566	16.1
Sabragamuwa	1,195,000	1,217	258,241	21.6

Swarna Jayaweera has shown that statistics provided on provincial basis can often be misleading. Citing the Northern Province she says that,

"the relatively affluent educational situation in Jaffna is apt to cloak the poverty of educational facilities in the Mannar and Vavuniya districts. Disparities between districts within provinces appear to be... as wide as differences between provinces themselves" (95).

One of the many statistical tables she produced to support her conclusion is on student enrolment in schools in 1969 per 1,000 population, (see Table 6 pp. 74- 75).

Educational Policies

Although generally speaking English education had left power in the hands of the elite with attitudes and values reminiscent of colonial rule, it would be wrong to conclude that the English educated on the whole, especially those in Jaffna, did not also have a deep affection for their traditional culture and values, as a consequence of radical thinking promoted by both English education and Tamil revival, as well as by reformers like Ram Mohan Ray, Rabindranath Tagore and Mahatma Gandhi. The impact of the last two in particular on the English educated in Jaffna at the beginning of this century was immense, so much so that many of the leaders of the time, mostly teachers, adopted the national dress, tried to inculcate traditional values on their pupils, and identified themselves with the Indian freedom struggle.

No doubt some of the attitudes of these leaders were still cast in the colonial mould and inimical to progress, e.g. the 'them' and 'us' syndrome in their dealings with ordinary people and their chronic aversion to manual work. But the fact of the matter was that with a 'halo' to mark them from the rest of the community, and by virtue of their education, especially English education, they wielded enormous influence among the people.

Table 6

Enrolment in Schools per 1000 Population 1969 (96)

Districts Within Provinces	Grades 1-12	Enrolment per 1000 population	Grades 9-10	Enrolment per 1000 population	Grades 11-12 G.C.E. (A.L.)	Enrolment per 1000 population
<u>Western</u>						
Colombo (N & S)	564,537	242.5	58,425	25.1	9,287	4.0
Kalutara	146,916	222.6	15,099	22.9	2,670	4.0
<u>Central</u>						
Kandy	223,864	202.04	22,703	20.5	4,000	3.6
Matale	64,542	237.2	4,992	18.4	754	2.8
Nuwara Eliya	125,994	296.4	7,439	17.5	797	1.9
<u>Southern</u>						
Galle	166,207	246.2	20,348	30.1	4,302	6.4
Matara	138,857	253.4	14,387	26.3	2,916	5.3
Hambantota	75,748	257.7	5,472	18.6	1,202	4.1
<u>Northern</u>						
Jaffna	165,172	254.9	18,943	29.2	3,441	5.3
Mannar	13,898	217.1	601	9.4	9	0.1
Vavuniya	18,565	250.9	888	12.0	45	0.6
<u>Eastern</u>						
Trincomalee	33,888	227.4	1,688	11.3	96	0.6
Batticaloa	43,547	205.4	2,937	13.9	358	1.7
Amparai/Kalmunai	51,058	223.9	928	4.1	152	0.6
<u>N. Western</u>						
Kurunegala	194,367	213.8	18,345	20.2	4,105	4.5
Chilaw	110,430	342.9	7,474	23.2	829	2.6

Continued.....

Table 6 (Cont.)

Districts Within Provinces	Grades 1-12	Enrolment per 1000 population	Grades 9-10	Enrolment per 1000 population	Grades 11-12 G.C.E. (A.L.)	Enrolment per 1000 population
<u>N. Central</u>						
Anuradhapura	81,070	269.6	6,065	20.1	994	3.3
Polonnaruwa	31,835	258.9	2,083	16.9	205	1.7
<u>Uva</u>						
Bandarawela	88,294	155.8	6,794	12.0	499	0.8
Moneragela	30,343	213.7	1,554	10.9	93	0.6
<u>Sabragamuwa</u>						
Kegalle	148,301	221.7	16,400	26.9	2,672	4.4
Ratnapura	125,099	217.2	10,449	18.1	1,381	2.4
<u>Ceylon</u>	2,642,432	235.2	244,014	21.8	40,807	3.6

There were also others equally educated or experienced, who commanded a lot of respect in the community, e.g. lawyers, and Malayan pensioners, and from the beginning it was deliberate policy on the part of the authorities in Jaffna, especially Ragunathan, to make use of this vast reservoir of talent, the natural leaders, to influence and bring people into the Cooperative Movement.

A closer examination reveals that most of the educational policies adopted by the authorities, the Department from the beginning and the NDCF from 1937, were woven around, and dependent on, the availability of such abundant reserve of human resources to take on the various tasks, most of them educational, in organising and developing cooperative societies.

The educational policies adopted in Jaffna had also to conform to the national policies as laid down by the Department of Cooperative Development from time to time. But as it was not until 1943 that a national school to determine educational policy throughout the island was established, and not until 1955 that a National Federation was established, the NDCF established in 1937 had already taken the initiative in implementing its own educational policies in its area of operation.

The main educational policies of the NDCF can be summarised as follows:

(1) Harnessing Local Leadership

It was seen in Chapter I that there had been a Tamil cultural revival under the leadership of Arumuga Navalar, followed by a renaissance in literature. With more and more Hindu schools being established under the management of the Hindu Board of Education and with the Christian missionaries increasing their commitment and responsibility for education in the Northern Province, there was a

highly literate community, especially in Jaffna where the American Mission had opened its doors, more than others, to the depressed sections of the community too. As J.E. Jayasuriya explains, the American Mission with a network of village or native schools had also embarked on a policy of opening,

"the doors of English learning to the intellectually able but economically disadvantaged by the provision of free education in the Central Day Schools, and free board and lodging as well as free education in the Charity Boarding Schools and the Batticota Seminary. The Church Mission, as will be seen later, also followed suit on a small scale, but it was the American Mission that pioneered this kind of egalitarianism" (97).

The American Mission's influence was manifest in the activities of the Students' Congress. The Congress, later known as the Youth Congress, was founded in 1924. Its main aims were to organise the youth, to work for economic and social upliftment, to revive traditional arts and literature and to arouse public consciousness about the need for political independence. The leadership came chiefly from the teaching community, most of whom were alumni of Jaffna College, influenced by Gandhian ideals and the independence movement in India. It is estimated by Mr. T. Seenivasagam, one of the founder members, that about 300 students and teachers regularly participated in the activities of the Youth Congress, and that the annual session attracted more than 500 participants (Mr. Seenivasagam, retired teacher and journalist interviewed on 29 August 1978).

Mr. C. Subramaniam, retired Principal of Skandavarodaya College and another founder member describes,

"When I joined Jaffna College to read for the Inter Arts Examination, Handy Master had already gathered round him a sizable following among student radicals. The hard-line traditionalists had branded him a revolutionary, perhaps with some reason. He had donned the national dress even in the city of Colombo, unthinkable in those days of western sartorial refinement. He had employed

a harijan boy (untouchable in those days) as his personal assistant, to prepare or get down his meals. He, alone of the teachers, had remained in school when all others had boycotted it on Rev. Bicknell admitting harijan pupils to the school. Later, he had insisted on their having their meals at the same table. He had fought against injustice and discrimination... Handy Master soon became both symbol and essence, evocator and voice of the surge of national emotion that swept our land and we were all caught in it. The result was the birth of the Students' Congress...."(98) .

Of significance too was the publication of the Eelakesari which was inextricably linked with the activities of the Youth Congress,

".... It was a socio-political weekly with a national and nationalistic outlook doing battle for national unity, national independence and social egalitarianism... Its contributors represented a wide spectrum of progressive thought"(99).

It was the NDCF that set the pace in Jaffna in harnessing local talent for the benefit of the Cooperative Movement.

According to the Minutes of the first meeting of the Union Delegates in the Northern Division held at the Regal Theatre Hall on 3rd July 1937, there were present Mr. Ragunathan, Assistant Registrar, and Mr. V. Veerasingam, Pandeterippu Union (School Principal), T. Tambimuttu, Vali East Union (Teacher), N. Thamotherampillai, Vavuniya Union (Land-owner), V.S. Ponniah, Vadamaradchy Union (Honorary Supervisor), R. Thambiah, Tholpuram-Moolai Union (Post Master), A. Sabapathipillai, Islands Union (Teacher), K. Thambiah, Town Union (Teacher), A.D. Thambiah, Delft Union (Teacher), V. Suppiah, Thenmaradchy Union (Teacher), S. Kartigesu Aiyar, Vali North Union (Teacher) and C. Arulambalam, Jaffna Cooperative Central (later Provincial) Bank (Lawyer). Among the visitors were M. Chellappa, Malayan Pensioner and founder of the Tholpuram-Moolai Supervising Union, S. Thambu, Teacher and Dr. A. Thambiah, Malayan Pensioner, associated with the Tholpuram-Moolai Supervising Union and the Moolai

Cooperative Hospital.

"The Assistant Registrar explained the object of the meeting and the bylaws for the Federation proposed to be constituted. It was unanimously resolved to constitute the Federation" (100).

The election of officers of the Federation shows the extent to which there was unanimity, and by implication, the hand of Ragunathan behind the scene, as it were.

"On the motion of Kartigese Aiyar seconded by Mr. K. Thambiah, Mr. V. Veerasingam was elected President of the Federation unanimously. On the motion of Mr. R. Thambiah seconded by Mr. V. Suppiah, Mr. C. Arulambalam was unanimously elected Vice-President. On the motion of Mr. V. Veerasingam, Chairman, seconded by Mr. Kartigesa Aiyar, Mr. C. Arulambalam was appointed Acting Secretary in addition to being Vice-President till such time as a suitable secretary was elected, as Mr. K. Nesiah, (Teacher), who was elected Secretary, was unable to assume duties...." (101)

(2) Approach to Education

Education for Cooperative Development was conceived by the authorities in Jaffna as a three-pronged approach, viz.

- (i) In the first place its aim was to influence people's attitudes and values, where they were considered to inhibit development. Education for this purpose was directed at four main areas, namely, vocational, social, moral and cultural. It was considered a poor conception of work if people regarded it as a chore merely to earn a living. Especially in the case of subsistence farming and allied occupations, a radical change in people's attitudes was called for, particularly their attitudes towards manual work. The aim of social education was to make good and useful citizens who would contribute towards the creation of a better and healthier society.
- It was envisaged that a secular foundation like the coopera-

tives would provide an ideal breaking ground for moral values to be learnt in actual day to day situations. In such an atmosphere it was thought, authoritarianism would give way to democracy to provide for a free exchange of attitudes and values to influence the group. In the fourth place, it was considered that the role of education was also to foster cultural development by making individuals appreciate their cultural heritages.

- (ii) The second approach was aimed at educating people to gradually transfer their allegiance from traditional institutions to modern institutions and teach them how to make use of new institutions to their best advantage.
- (iii) The third approach was to teach specific skills for specific purposes to achieve greater efficiency and increased productivity.

Education in the context of the Cooperative Movement was viewed not in terms of literacy in the narrow traditional sense, but as something much wider in scope, which in a vast body of social science literature has come to be defined as "Functional Literacy". According to Gunnar Myrdal,

"... the various efforts to organise local planning and self-government and to make the Cooperative Movement effective are dependent for their success on a considerable diffusion of functional literacy" (102).

The essential feature of a functional literacy programme is the integration of literacy with specialised training for socio-economic development. Being directly related to development, as S.S. Tyagi explains,

"its goal is to assist in achieving specific socio-economic objectives by making men and women receptive to change and innovation by helping them to acquire new skills and new attitudes... functional literacy is integrated, intensive, selective, flexible, differentiated and has socio-economic utility" (103).

Tyagi goes on to compare Traditional Literacy with Functional Literacy as follows:

<u>Traditional Literacy</u>	<u>Functional Literacy</u>
Isolated and distinct operation	Integrates literacy and occupational training
Diffuse	Selective
Non-intensive	Intensive
Standardised	Variable and flexible
Objectives primarily social, cultural and political	Technical, economical and developmental
Is consumer service	Is an economic input or an investment
Stops at minimal level	Implies competence, independence and duration
Does not break through traditionalism	Develops new values and conceptual skills (104)

Having determined the policy framework within which to operate, the authorities targeted the following groups for action:

(i) Members of Cooperative Societies

Education of members was considered to be the first priority. The cooperative credit societies provided an ideal setting for an informal and personalised education. As Dr. S.K. Saxena, Director of ICA explains,

"A more personalised approach is that involved in 'directed' or 'supervised' credit. This requires direct and frequent contacts between individual members and cooperative officials. The purpose is to help the individual family unit plan its output...

The cooperative official helps the head of the household with his input and production programme for the year, and in many cases discusses with both husband and wife the family budget and ways of increasing efficiency.... This kind of expert counselling and practical demonstration continues often on a group basis (as for example in the Comilla* approach), throughout all subsequent phases of production including purchasing, processing and marketing. Moreover in the course of his transactions with his thrift and credit society, the member picks up a practical training in simple processes like deposits, withdrawals, interest accumulation and elementary

* See Chapter VI, pp. 138 et seq.

book-keeping. Not only are these intimate personal contacts educational, but they are clearly functional in terms of increasing the productivity and repayment capacity of members" (105).

(ii) Cooperative Officers

Inspectors of Cooperative Societies employed by the Department and Sub-Inspectors employed by the NDCF were given special training in the theory and practice of the Cooperative Movement, as well as detailed instruction on how to set about organising cooperative societies. The emphasis was on their dealings with the members of societies and how they should approach the various aspects involved in the organisation of societies. The importance of an informal and personalised approach was also given great emphasis.

(iii) Employees of Cooperative Societies

It was realised soon that for the development of the Cooperative Movement it was necessary to train the staff of Cooperative Societies such as Managers, Secretaries, Book-keepers, etc. At first the NDCF organised seminars and study circles both jointly and separately for staff employed by cooperative societies, but the Jaffna Cooperative Training School was established in 1952 to provide specialised training needed at different levels by different categories of staff. Realising that one of the reasons for frauds and malpractices was the failure to keep proper and up-to-date accounts, the Itinerant Book-keepers Service was instituted for specially trained visiting staff to help as checking officers and auditors.

(iv) General Public

Since the NDCF also believed in the wider education of all those who were connected with the Cooperative Movement in one way or another, from the inception it held Annual Congresses, at which major issues affecting the general public were debated, and resolutions forwarded to the appropriate authorities urging this action or the other. Cultural development was also among the themes of these Congresses, as too of the Annual Cooperative Day Celebrations which attracted wide public interest.

The NDCF also published a monthly Tamil journal called the Aikkiya Theepam and a fortnightly English journal with a Tamil supplement called The Cooperator.

(v) Students

Realising that the School Cooperatives were numerically the second largest group of cooperative societies next to credit societies, the NDCF adopted a policy of not only encouraging school cooperative societies, but also of taking the message of cooperation to the youth, especially through its two publications which carried special features of interest to the young, and the International Cooperative Day Celebrations, in which students' participation featured prominently.

It has been established from experience in many countries that whatever the policies pursued, the Cooperative Movement can succeed only when certain minimum conditions are met. Chapter V goes on to examine them.

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Chapter V

CONDITIONS (GENERAL AND EDUCATIONAL) FOR COOPERATIVE DEVELOPMENT

A lot of research has been done on some of the minimum conditions that determine the success or failure of cooperatives.

The findings may be summarised as follows:

(a) A Common, Genuine and Felt Need

The prerequisite for any cooperative activity is the realisation of an economic need, i.e. the need for cooperative action stems from certain drawbacks in the economic system which generally affect the weaker sections of the community. B.J. Surridge cites C.F. Strickland, a well-known cooperator in India as explaining that cooperatives have usually started as a group of individuals in a community who, seeing a desirable object which they cannot attain separately, join together to attain it. Cooperatives have also been formed by people who, having decided that an evil can be removed, join together to remove it (106).

(b) A Sense of Social Cohesion within the Group

Cultural homogeneity has been found to be an important factor in determining the success of cooperatives. Religious commitment, for instance, was an important element in the early Raiffeisen cooperatives established in Germany. A U.N. study has emphasised social cohesion within the group as a vital element in the making of a good cooperative society (107).

A good example of the role of cultural homogeneity in the success of a cooperative enterprise can be found in the textile co-operative societies (54 in 1970) established in Jaffna to keep together and motivate the weaving community that originally came from South India. Professor Ludowyk describes the history:

"... In the Jaffna district which was quieter and better controlled than almost any other part of their territories, the Dutch very soon tried to introduce weaving and the dyeing and painting of cloth. For this purpose weavers and printers were settled in Jaffna from the Coromandel coast... The Reverend Philip Baldaeus was apprehensive of the bad influence of these heathenish calico printers from India: 'It is further to be feared, that in time there may be a promiscuous copulation betwixt the Christians and Pagans, which must needs produce direful effects in the church'"(108).

Events however proved that the fears of the Rev. Philip Baldaeus were unfounded, for the weavers and printers who came from India not only brought their Vaishnava cult with them, which enriched the life of the Jaffna community considerably, but also drew strength from their culture to be able to establish a network of successful textile cooperative societies throughout the district.

How they did it was explained by Mr. T. Seenivasagam during the interview in 1978. He had been a Trustee of the Perumal Temple in Jaffna, Chairman of the Board of Trustees and President of the Mahasabai (Supreme Council) for many years. The temple, he explained, which has served the needs of the weaving community of Jaffna, was established for the sole purpose of keeping the weaving community, who came from India during the Dutch period, as a closely knit community. He was of the opinion that the temple had served the purpose for which it was established by being a nucleus around which the weaving community had grown and established themselves as a cultural entity in Jaffna in their own right. According to the history of the temple written by Mr. Seenivasagam himself, the Rev. Philip Baldaeus had in fact repeatedly prevailed upon the Dutch authorities to ban all religious practices in Jaffna other than Christian, including Vaishnava worship. Since the Dutch government had incurred considerable expenses in bringing down the weavers from India, they were reluctant to enforce the ban on Vaishnava religious practices for fear of antagonising the weaving community, which could

have resulted in much greater losses to them in the long run, although the ban was rigidly enforced in respect of all other forms of Hindu worship.

The temple, whose full name is Vannai Vengadesa Varatharajapperumal Temple, which grew steadily with the support given by the weaving community, has been managed by a board of trustees, five in number, appointed by the Mahasabai, since 1870 - a remarkable example of cooperative spirit itself. The main contribution made by the temple, Mr. Seenivasagam emphasised, was that it helped to keep the weaving community as a viable cultural group through all the social, economic and political changes that took place in Jaffna, and gave the community an identity and much-needed self-respect in a caste-ridden Hindu society. It has also been an agent of community education. As the history of the temple explains, the Temple Ther (Chariot), for example, has been constructed in such a way as to function as an Art Gallery depicting religious and literary themes which ordinary people can understand (109).

(c) A Minimum Standard of Education

This is necessary for members to be able to perceive, "the advantages of cooperative action and to understand the principles and practices of cooperative work, and their rights and obligations vis-a-vis the cooperative" (110).

(d) Persons with Adequate Knowledge and Qualities of Leadership to Motivate and Direct the Group, Serve as Board Members and Play a Management Role.

Cooperative development depends to a very great extent on the availability of local leadership. The leaders should come from among the people themselves and they should be able to devote sufficient time and energy for work among, and for, their fellowmen. A good leader is one who identifies himself completely with those whom he leads. He has to be ahead of others not only in general conduct

and character, but also in qualities of management of a cooperative enterprise. He must also be able to instil confidence in others as well as select and train potential leaders.

(e) An Economic, Political and Legal System that allows Cooperative Enterprise based on Self-help and a Clear Government Policy on Cooperative Development

This was the clear message that came through at the Cooperative Leaders' Conference held in New Delhi in 1974 (111).

In one sphere at least support by the Government is essential and that is in the enactment of suitable legislation for facilitating the formation and development of cooperatives and providing a favourable infrastructure.

Direct government assistance has been found to be undesirable as it threatens the independence and efficiency of cooperatives. Also, direct state interference leads to political patronage which is detrimental to progress. It has been observed that provisions like Peoples' Committees, Advisory Committees, etc. smack of political patronage, for example, as in Sri Lanka - the Dudley Seers Report observed,

"The People's Committees, even though they are appointed rather than elected bodies, can play an important role... provided that they are not merely co-opted into a system of political patronage" (112).

(f) Education of Members, Employees and the Public

The importance of education as a necessary condition for cooperative growth has never been in dispute. Ever since education was adopted as a basic principle of the Cooperative Movement, its significance has gained ever-increasing momentum in cooperative literature. Younghohns puts it succinctly when he says,

"Education in the broad sense is the real purpose of the Cooperative Movement. The development of a democratic society based on mutual aid and self-help

is the justification for the movement's existence. But education is also necessary to make the movement a success. Experience teaches many times over that the most common cause of failure in Cooperatives is ignorance: ignorant members who do not know what to expect of their society, and what it expects of them, or how to elect a competent committee; ignorant committee members who do not understand sound financial management or the control of staff and ignorant secretaries who cannot keep books of account" (113).

As Uma Lele explains,

"... constructing roads and health clinics are different in character from those needed to operate developmental institutions. The former involve cooperation over relatively brief time spurts, require little financial management and are usually geared to improving welfare... The latter on the other hand are directed to augmenting productivity and incomes over the long run. Therefore even if membership in groups is based on traditional patterns of participation, entirely new concepts of financial management and technical and administrative effectiveness have to be imparted to villagers if the group approach is to be successful" (114).

In fact UNESCO had seen cooperatives in a much wider context even earlier as agents of fundamental education. In the Preface to Cooperatives and Fundamental Education, it was observed,

"When in 1948 UNESCO began to plan background studies which might help fundamental educators, it soon became clear that attention should be directed, amongst other matters, to economic factors and forms of organisation. A large number of questions are important - finance, the cost of buildings and equipment and so on - but cooperative organisation was selected as the first topic because of its wide application. Cooperatives are not only a means of raising living standards (and hence of increasing the local revenue for schooling); they are also educational instruments of the highest order, living schools for the members of the community. On the other hand, few educators or teachers are aware of the widespread forms and the great possibilities of cooperation, and they tend therefore to overlook the natural link between school and cooperative" (115).

(g) A Sense of Altruism

According to Hans Munkner, what are often overlooked, or at least not emphasised as they should be in the control of the small rural credit cooperatives are,

"two altruistic elements which determine the genuine cooperative structure and which underline the basic difference between cooperative societies and profit oriented commercial business" (116).

He goes on to define the two elements as:-

- Open membership, i.e. the chance to participate for all those who can make use of the services of the cooperative society and who are willing and able to share the risks and benefits of the joint undertaking; and
- Indivisibility of the reserve fund which is accumulated over the years to finance the cooperative enterprise. The reserve fund is collective social capital which cannot be distributed among the members but is solely devoted to the cooperative activities of all present and future members (117).

Peter Worsley too puts great emphasis on these two principles (118).

(h) Motivation

Eberhard Dulfer emphasises "minimum motivation" for cooperative action. He explains,

"By this way, the villagers perform a certain process of learning and they become more able to conceive aims and targets for the intended collaboration. They become 'able to cooperate' and a 'cooperative nexus' grows up in the potential cooperative group. Both are indispensable conditions for the 'viability' of a cooperative" (119).

A good example of such motivation was recorded by G.D.

Van Wengen in Jaffna,

"I found the following in a potters' cooperative society in Chankanai, a small place in the Jaffna District of Ceylon. On certain days of the year which are not only important feast days of the Hindu calendar but which at the same time may be regarded as days beginning a new period for the making of pottery, members of the cooperative society go to the temple to have the Hindu priests make certain sacrifices. After the completion of these ceremonies in the temple the potters go to their cooperative building in order to spend the rest of the day there

consuming a festive meal paid for by the cooperative society and listening to speeches and music. This cooperative society has had excellent results and the members are remarkably loyal to the society. This is especially expressed in the constant supply of their products to the cooperative. The supply is almost continuous, even when the local market through greater demand at a certain time is able to pay a higher price than the cooperative society..." (120).

In the above instance the festival and ceremonies associated with it helped to foster a sense of esprit de corps and motivate the group of workers.

When in 1909 the Agricultural Banks Committee was appointed by the Governor of Ceylon, the Indian cooperative credit societies had made some headway, especially in Bengal. Thus the British administrators who were responsible for the implementation of the Ceylon Cooperative Credit Societies Ordinance of 1911 were already acquainted with the policy and practice of the British Government in respect of the Indian movement. According to Hans H Munkner the policy of the Government was one of assistance, concentration on education, promotion, advisory services and audit by government officers, and no interference (121).

H. Calvert who had served both in India and Ceylon in the formative periods thus defined a cooperative society as,

"a form of organisation, wherein persons voluntarily associate together as human beings, on a basis of equality, for the promotion of the economic interests of themselves, and not anybody else" (122).

This model of a cooperative society, described as the "classical British-Indian Pattern of Cooperation" (123), has been tried in a number of countries, but its success has always depended on the essential conditions being met.

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Chapter VI

EVALUATION OF THE EDUCATIONAL POLICIES OF
THE COOPERATIVE MOVEMENT IN THE NORTHERN PROVINCE
WITH SPECIAL REFERENCE TO JAFFNA

(1) Education of Members

Education of members of the cooperative movement was undertaken at both informal and formal levels. Informal education consisted of cooperative officers paying regular visits to the societies and mixing freely with the members, discussing their problems at informal gatherings. Shelton Fernando, former Registrar of Cooperative Societies, explains,

"My happiest association as a Cooperative official has always been with credit societies, particularly in Jaffna. Whenever I compare the problems and ramifications (if not complications) of the higher forms of cooperative organisation, the small credit society reminds me always of the happy family gathering.

We sit round in a small room or under a shady tamarind tree, and, as sometimes in Kayts, almost among a fleet of boats, and the atmosphere is as happy as it can be. The affairs of the society are of the simplest, the accounts so easy to check, and the opportunities for malpractice very small" (124).

Formal education was undertaken by specially trained Cooperative Inspectors, who were employees of the Cooperative Department and a team of Sub-Inspectors, employed and trained by the N.D.C.F. They were also assisted by Honorary Supervisors, who were cooperative officers specially recognised for their dedicated services to the movement and given the responsibility of supervising the work of the cooperative societies.

Training courses were provided by the Department and the NDCF to these officials giving them detailed instructions on how to organise cooperative credit societies in particular. The topics covered at length included:

- (a) Qualities of an Organiser; (b) factors to be considered

before organising a cooperative credit society; (c) the need for an economic survey; (d) special attention to the kind of cooperative society to be organised; (e) area to be served by a society; (f) selection of leaders; (g) the details to be covered in a preliminary report to the Assistant Commissioner; (h) the selection of members and their education; (i) relationship with all Departments of the Government; (j) instructions on how to prepare the 'Economic Information Book'; (k) collection of Funds and Purchase of Books for the running of the newly formed cooperative society; and (n) details on how the organising officer could have the society registered (125).

The Federation also organised seminars, discussion groups and training classes. On an average, three seminars were held a month, some lasting two days while others were one-day seminars. Noting that one of the reasons for frauds and malpractices in Cooperative Societies was the failure to keep proper and up-to-date accounts, the Federation started the Itinerant Book-keepers Service. Even some of the better-run societies sought the services of these book-keepers as Checking Officers or Internal Auditors.

The Federation also took an active interest in rectification work,

"in helping lame dogs over the stile. Representatives of the Federation along with officials of the Cooperative Department visit societies which are not functioning properly, discuss with Committee members their problems and suggest ways and means of solving them" (126).

The policy of 'controlled' or 'supervised' credit appears to have been successfully implemented, for not only was there a steady growth in the number of credit societies, but a detailed examination also goes to show that the societies in Jaffna were relatively stronger and more successful than those in other districts.

1956 is a useful year to look at since all the secondary unions including the Northern Division Agricultural Producers Union and the Jaffna Cooperative Provincial Bank as well as the NDCF had been well established by then to provide the necessary back-up, and in 1957 Multi-Purpose Cooperative Societies were introduced by Ministerial decree to gradually take over the function of credit from credit societies. The table at Appendix 1 gives a detailed breakdown on a district basis as at 1956.

As the figures show, Jaffna with its dense population and a system of intensive cultivation had the largest number of cooperative societies. Agricultural holdings in Jaffna are comparatively very small, on average less than one acre. Hence the hardy farmer has to eke out a living from his small holding by a system of rotation of crops, heavily manuring his plot. The demand for credit is therefore heavy. There is thus one credit society for every 2 sq.miles in the district. The relative strength and performance of these societies can be gauged by the Reserve Fund, Member Deposits and loans issued and recovered.

One of those interviewed was Mr. S. Candiah, B.A. (Lond.), J.P., U.M., Retired Teacher and former Secretary of the NDCF. He said that he was convinced that it was the experience that he gained in his credit society work that helped him in other areas of cooperative work. He said he could speak with authority about the credit societies in his own village, Mathagal. Taking as example, Mathagal North West Cooperative Credit Society of which he had been President for 32 years, he said that it had 46 members and over the years it had built up its own capital which it lent to its members at a low interest of 6 per cent. It had a deposit of Rs. 22,000 in the bank. All the members were farmers in need of credit and each member could borrow a total of Rs. 2,500 - i.e. Rs. 1000 as short-

term credit and Rs. 1,500 as long-term credit. Repayments were made promptly. One or two might exceptionally default in the time of repayment, but there had never been the need to refer a single case to arbitration.

Mr. Candiah said that the success of credit societies which formed the bed rock of the cooperative movement in the North could be attributed to adequate preparation being made to educate the members in cooperative methods and principles before a society was registered. This was possible as the maximum membership was limited to 75. The practice was to hold meetings on full-moon days when the entire membership would be present. Added to it was the fact that the Northern Province had a literate community and an army of teachers who were prepared to become members and take on leadership roles (127).

Mr. Candiah's observations were corroborated by many others not only in the Northern Province, but from the other parts of the country as well. For example, Mr. K.W. Devanayasagam (Lawyer), Minister of Justice, paid tribute to the Northern Province as "the cradle of the Cooperative Movement in the Island" (128).

(2) Harnessing Local Leadership

The emphasis in the development of the Cooperative Movement in the Northern Division of Sri Lanka was on human resources, especially leaders available in good number. In fact, Regunathan, the Assistant Registrar, had already set the pace for selecting and training the right kind of persons, especially leaders, for the right kind of jobs. The selection of the Reverend A.A. Ward and John Bicknell to lead the Jaffna Cooperative Provincial Bank and of V. Veerasingam to lead the Northern Division Cooperative Federation,

all educationists without question, shows the kind of vision of developing cooperatives in the Northern Division that a government official in the person of Ragunathan displayed.

Later events showed that the appointment of Veerasingam to head the Northern Cooperative Movement was also an act of faith that paid off. On the death of Veerasingam, Shelton C. Fernando, an outstanding scholar and one of the best Registrars to have headed the Cooperative Department wrote,

"I came to know Mr. Veerasingam first as a Cooperator. It was my first visit to Jaffna to attend the Annual Sessions of the Federation in August 1939. I learnt that this Federation was then two years old, and Mr. Veerasingam was its first President. Since then for 17 years, almost without a break, I attended the sessions and Mr. Veerasingam was always its President. So he has been till death took him away in 1964.

In due course I found that he was much more besides being a Cooperator. He was also one of the great School Principals of Ceylon, a devoted Hindu, a keen social worker and also sometime Member of Parliament. Of few in Jaffna can we say ~~as~~ we can say of him in the words of Alexander Pope -

'Not one, but all mankind's
epitome'.

As a Cooperator he was of the first rank. He was imbued with the very theory and philosophy of Cooperation while deeply engaged in the practice. His book on The Practice and Philosophy of Cooperation is perhaps the only work of consequence by a Ceylon Cooperator.... Cooperation can be said to have burnt within him like a flame as any who heard his Address at the Federation Conferences would testify. Every word he uttered had the tone of sincerity and imperishable faith in the movement.

Therefore, when in 1955 the Cooperative Federation of Ceylon was formed, the choice inevitably fell on Mr. Veerasingam. It was a great tribute to him personally.... " (129).

It is said of Veerasingam that he was of such impeccable character that none would dare to 'raise their finger against him'. Mr. S. Candiah, Secretary of the Federation since 1962, claimed in the interview with him referred to earlier, that although many persons influenced him, the one who influenced him most was Veerasingam. There were, he said, 1728 member societies of the

Federation, and all of them accepted him without question as President as long as he lived, because of his honesty, integrity and spirit of service. Mr. Candiah said that he could personally testify to the fact that Veerasingam never drew any allowance, although he was entitled to a tidy sum provided in the budget.

In the same way as Candiah was chosen from among so many leaders available across the Province to be Secretary on the sudden death of his illustrious predecessor in office, not only for his knowledge of, and dedicated service to the cooperative movement in his own village, but also for his outstanding character, so too was his predecessor himself, whose "qualities found the fullest scope for flowering in the Cooperative Movement" (130). To expand,

Mr. A.E. Tamber, B.Sc., Principal of Jaffna Central College, one of the founder members of the Youth Congress and distinguished educationist, who made the above observation, wrote of A. Arulampalam, the second Secretary of the Federation (1943-1962) as follows,

"He had a family background, his forbears were men of wealth, position and scions of good Hindu tradition. But family greatness as such sat lightly on 'Arul'. All that he inherited by way of family background just stood him in good stead as a starting point for a life of humility, urbanity and goodness. He outlived all that is outmoded in the traditional way of life. Both nature and nurture endowed him with an urge to be a progressive. He would not brook social inequality. He dared to be in the forefront of a movement to give equality of opportunity to the 'Minority Tamils'. He associated himself with the holy movement to preserve the sanctity of the Hindu Temple as an abode of the divine approachable by all human beings irrespective of social stigmas.

He had a liberal education on a conservative background. He was neither a radical nor a reactionary. He sought to preserve all that is great and noble in the Hindu heritage. But in outlook he was not medieval; he was modern...

His qualities found the fullest scope for flowering in the Cooperative Movement. He took to the movement as a duck takes to water. The golden rules of Cooperation

were just the things he loved and lived for. He had nearly two decades of service in a variety of fields in the world of Cooperation in the Northern Division..”(131).

Tamber's assessment of Arulampalam summarises to some extent the qualities generally expected from persons aspiring for positions of leadership in the Cooperative Movement. The policy was continued with great success by the NDCF who gradually took over all responsibility for Cooperative development in the North.

It appears to have been deliberate policy on the part of the authorities to encourage teachers to assume roles of leadership in cooperative institutions. In any case, by virtue of sheer numbers in the community it was inevitable that teachers had to be selected in much larger proportion than any other professional group in the community.

An examination of two large and well respected Multi-Purpose Cooperative Societies in Jaffna (Alaveddy MPCS and Chavakacheri MPCS) showed that between 1971 and 1978 teachers constituted 39 per cent and 41 per cent respectively of all members of the Executive Committee. It was also found, for instance, that in 1970, before re-organisation, 6 out of 7 members of the Board of Management of a Multi-Purpose Cooperative Societies' Union (Thenmaradchy) were teachers - only the President was a lawyer. On the whole the majority of committee members of cooperative societies or unions were teachers, the rest being composed largely of lawyers, government officials, Malayan pensioners and a good many farmers.

It was not surprising, therefore, that when the Jaffna Branch of the National Cooperative Council (successor to the NDCF) wrote to member societies to arrange for a representative of each society to be interviewed in connection with this project,

many of those who turned up were teachers. The following is a report of interviews with two teachers who had identified themselves closely with the cooperative movement at grass-roots level.

(a) Mr. K.E. Kumarasamy, Head Teacher -

Mr. Kumarasamy said that his interest in the Cooperative Movement began in 1940 when he found that most of the farmers in the village of Kopay were in great need of credit on reasonable terms. He was instrumental in establishing six Cooperative Credit Societies in the village, two of which are now defunct. He had also served as Secretary of the Cooperative Society in the village (established in 1942 for the rationed distribution of essential goods in short supply during the war) for 10 years. In addition he formed a Cigar Workers Cooperative Society in 1946 and functioned as its President for 12 years. He had also served on the Boards of various cooperative organisations such as the Kopay Multipurpose Cooperative Society (MPCS), the Northern Division Agricultural Producers Cooperative Union (NDAPC Union), the Jaffna Cooperative Provincial Bank (JCPB) and the NDCF.

What attracted him most to the Cooperative Movement were its egalitarian principles. Of those who influenced him most he mentioned Mr. Thambu of Mathegal (teacher), Mr. Thambimuttu of Idaikkadu (teacher), Mr. Nadarajah of Neervely (Head teacher at Athiyar Hindu College), Mr. Veerasingam (Principal of Manipay Hindu College and founder-President of the NDCF), Mr. Arulambalam (Lawyer and first Secretary of the NDCF), Mudaliyer Ponnampalam (Malayan Pensioner and founder-Vice-President and President of the JCPB for a number of years) and Mr. Rajaratnam (Cooperative officer and successor to Mr. Veerasingam's office at NDCF).

He paid special tribute to the work done by the NDCF

in promoting cooperative development in the North. He went on to recount how he, along with Mr. Rajasekaran (Vice-Principal of Parameswara College), and Mr. Gandiah (then Secretary of NDCF), had gone on a deputation to Colombo to argue the case for the retention of the JCPB when all cooperative banks were being taken over by the People's Bank. Since all the three were teachers I asked him to what extent teachers were involved in the cooperative movement and his categorical reply was that the majority of cooperators in every sphere of cooperative activity happened to be teachers.

His other major interest was trade unionism. He had been actively involved with teachers' trade unions since 1940 (i.e. he was Secretary of the All Ceylon Tamil Teachers Union from 1954-60 and again from 1964-70).

He had no doubt that until governmental intervention in 1970, the Northern Province had a much more virile cooperative movement than the rest of the Island. This was mainly due to the activities of the NDCF, especially through the Cooperative School managed by it, he asserted. Once again, he emphasised the role of teachers in the community and the importance of education. He thought that both formal and informal education more instrumental in cooperative development in the Northern Province (132).

(b) Pundit K.J. Asinathan, Head Teacher -

Mr. Asinathan's association with the Cooperative Movement covered half a century, during which period he had also been closely associated with trade union and community development work. In fact it was at a meeting of the Jaffna Tamil Teachers' Association in 1928, addressed by the then Registrar of Cooperative Societies and other officers, that his interest in the Cooperative Movement was first

aroused; he was the Secretary of the Association then and therefore was in a position to influence many of his colleagues to identify themselves with the Cooperative Movement.

He had the distinction of organising School Cooperative Societies in about 15 schools where he taught. Some of the more successful societies were at Navanthurai Roman Catholic (RC) School, Pasaiyoor RC School, Kayts RC School, Suruvil RC School, Pt. Pedro RC School, Puthkkudiyiruppu RC School and Kilinochi RC School. He also established Cooperative Credit Societies in all the areas where he worked, functioning in most cases as Secretary or President.

It was his contention that one cannot view the Cooperative Movement as something separate from the social and economic milieu of a society, and therefore his interest in the Cooperative Movement had always been a part of his general interest in community development. He found the Cooperative Movement to be a suitable vehicle for educational, cultural, moral, social and economic development.

He was greatly influenced by persons like Calvert, Ragunathan, Cooke and many others who went out of the way to help the people by promoting the cooperative ideal, but apart from their influence he was attracted to the movement because of the opportunity it gave the people to be masters of their own destiny.

Speaking generally of the Cooperative Movement in Sri Lanka, he said that the Cooperative Credit Society introduced in the early part of this century was a great boon to the people, especially the poor farmers in need of credit, but its usefulness could be maximised only by those who could appreciate the values associated with it. Here he referred specifically to the principle of Unlimited Liability the success of which depended on the calibre of the people associated with the society.

The Cooperative Credit Movement, he said, was the first great social and economic movement witnessed by the country, but there were obvious differences in the manner in which it was received and made use of by people in different parts of the country. The Northern Province saw the greatest impact in this respect, and the reasons he could give for the greater receptivity and success in the North were in the nature of the Cooperative Principles themselves which found favour with the people who were already used to traditions of mutual help, mutual understanding, mutual trust and credit-worthiness. The other reasons he could give for greater success in the Northern Province were that the people on the whole were literate and there was good and dedicated leadership by officials, especially teachers who were generally in the forefront of the movement. Support from the public and the great work done by the NDCF were also responsible for the success of the Cooperative Movement in the Northern Province.

He cited the examples of two credit societies he organised, the Suruvil Cooperative Credit Society and the Kilinochi Arunothaya Cooperative Credit Society which were strong enough to manage without any bank loans and had built up adequate reserves to lend to members at very low rates of interest.

In sharp contrast was the Eastern Province where the performance of the Cooperative Movement looked more like a shadow play as against the solid progress seen in the North. He said that he had attended meetings and conferences in the Eastern Province, and his general impression was that the people were on the whole apathetic, which he attributed to a lack of education and an absence of community spirit among the people. In other words, he said, the factors that favoured cooperative development in the Northern Province were significantly absent in the Eastern Province. He went on to observe that the Cooperative Movement thrived in places where there

was an infrastructure favourable to development.

Education, both formal and informal, determined by and large the quality of cooperative development, he emphasised. English, being a lingua franca, had helped cooperative development, he said, and stressed the importance of School Cooperatives once again (133).

Two other groups that readily made themselves available for positions of leadership were Malayan pensioners and lawyers. There were a good many of them, most of them with education and experience, and especially in the case of the former with considerable capital and time at their disposal. On the whole they were men of integrity much respected in the community.

Almost all the pioneer cooperative institutions in Jaffna like the Tholpuram-Moolai Cooperative (Secondary) Union, the Jaffna Cooperative Provincial Bank, the Moolai Cooperative Hospital Society, the Jaffna-Malayalam Cooperative Tobacco Sales Society, the Northern Division Agricultural Producers Cooperative Union and the NDCF owed their origin to such persons identifying themselves with the efforts of others to provide the much needed leadership. The history of these institutions bears out that with the encouragement that they received from the authorities directing the destinies of the Cooperative Movement in the North, they were able to render invaluable service. Three outstanding examples are Mr. M. Chellappa, Malayan Pensioner, who identified himself with almost every cooperative institution mentioned above, Mudaliyar V. Ponnampalam, also Malayan Pensioner who was President of the Jaffna Cooperative Provincial Bank for more than two decades and Mr. P. Kanapathipillai, Attorney-at-Law, who dedicated himself whole-heartedly to the service of his fellowmen in his own village, Udupidy.

(3) Training of Employees and Prospective Employees
of Cooperative Societies

The Northern Division Cooperative Federation established the Jaffna Cooperative Training School in 1952 to train employees and prospective employees of cooperative societies.

The President of the Federation wrote in 1968,

"It is axiomatic that a sound cooperative education is the foundation for cooperative progress. It was with this in mind that the Federation set up the Cooperative Training School in 1952. At the start, the training course lasted only three weeks. Now the Federation conducts three courses - Junior, Ordinary and Higher - lasting 3, 4 and 9 months respectively... Special mention must be made of the four-phased practical training given to the Higher level students... Besides the usual courses, the School also conducts Refresher Courses periodically for cooperative personnel.

Besides a full-time Principal possessing post-graduate qualifications and with several years of teaching experience behind him, the present staff consists of six Visiting Lecturers and four Departmental Lecturers. The subjects taught include Cooperation, Cooperative and General Law, Accounts and Auditing, Management, Secretarial Practice and Economics. On an average, about 100 students are trained annually..."(134).

The Jaffna Cooperative Training School had attained such eminence by 1969 that the Royal Commission on the Cooperative Movement in Ceylon included it in its programme of visits, and on the occasion of their visit commented that they were greatly impressed by the "great work done by this excellent institution"(135).

The Government too saw it fit to entrust the school with the training of graduates to man the cooperative societies under the re-organisation scheme envisaged in 1971. A total of 95 graduates were trained in that year - the Deputy Commissioner in charge of the Graduate Training Scheme for the whole country had no hesitation in observing,

"I am happy that I got the opportunity to be with the Principal and staff today and also to participate at a Seminar of the Graduate Trainees. The graduate trainees appear to have picked up quite a lot of information about management in the cooperatives within that very short period. Given time I am sure some of them at least will acquire the necessary skills for higher management.

The Principal and staff are trying to create a management consciousness among them and this is highly commendable" (136).

Mr. Robert Staemorse and Mr. Eric Ericsson from the ILO who also visited the school in 1971 observed,

"We were sent by the ILO to Ceylon on a fact-finding mission. Here, at the Jaffna School of Cooperation we found not only facts but also matters of the spirit. We thank you most heartily for the warm welcome and for the inspiration and encouragement to our job of starting the Cooperative Management services" (137).

(4) Education of the General Public

The success of the Cooperative Conferences can be measured by the amount of support they received from the general public and the Cooperators, the extent to which the Government encouraged and made use of them to propagate its policies on Cooperative Development throughout the country, and also the extent to which they served as a common platform for any interested person or group, and the Cooperators in particular, to let their views and opinions known to the Government.

For example, the following extract from the Minutes of the meeting of the Managing Committee held on 13 March 1943, shows the extent to which the Federation was alive to its responsibilities as far as the deprived areas were concerned,

"Two communications dated 16.1.43 from the Mullaitivu Cooperative Union and a letter from the President of the same Union dated 12.3.43 were read. The following matters referred to in the communications were considered,

(a) The starting of an English School at Mullaitivu. Resolved that information re such particulars as (i) the number of children likely to receive education, (ii) whether an adequate extent of land is available, and (iii) whether a building would be provided, be obtained from the Union and necessary representations be made to the Member, State Council representing the area and the Minister of Education.

On the suggestion of the representative of the Poonakaryn Cooperative Union, it was resolved that similar steps be taken for the establishment of an English School in the Poonakaryn area" (138).

Another resolution read,

"It was decided to enlarge the services rendered by the NDCF to member Cooperative Societies by helping in the execution of cooperative awards, by providing more educational facilities to members of the cooperative societies, and by adopting suitable measures designed to help the weaker societies.

In order to undertake the above work it was decided to amend the bylaws of the NDCF so that it would be possible for the NDCF to recover an amount equal to 2.5 per cent of the Net profits of Cooperative Societies registered in the Jaffna East and West Divisions in addition to any amount that would become payable by the Societies to the Contribution Fund administered by the Cooperative Department" (139).

What is particularly noteworthy is the decision to amend the bylaws of the Federation to levy more from the more prosperous societies in Jaffna to help the weaker ones in other parts of the Province, in addition to the general expansion of the services provided by the NDCF to all member societies.

The Cooperative Conferences attracted many people, not only those who were interested in the topics under discussion, but also those attracted by the 'star' personalities who usually graced the platform, and the cultural events that preceded as well as followed them, in which renowned artistes and school children participated.

An indication of the kind of attendance at such annual cooperative conferences is provided by the following list of invitees (140) to the Annual Cooperative Conference of 1950,

Principals of Schools	22)	
)	
Principals of Teacher Training Colleges	13)	35
Government Ministers	11		
Local Heads of Departments	18		
Editors of Newspapers	12		
Divisional Revenue Officers	14		
Members of the Municipal Council	10		
Newspaper Reporters	2		
Cooperative Officers	17		
Cooperators other than those representing member societies	8		
 <u>Member Societies</u>			
Credit Societies	413		
Special Types of Societies	41		
Cooperative Banks	5		
Provincial Bank	1		
Stores Societies	271		
Stores Unions	12		
Unions of Credit Societies	11		
		<hr/>	
Total	<u>881</u>		

The Government officials always made use of the Annual Cooperative Conference to expound their policies in respect of the Cooperative Movement. Shelton C. Fernando, Registrar of Cooperative Societies, said earlier on how he made it a point to attend the Conference regularly. In 1951 he was in England on holiday and he wrote to Veerasingam as follows,

"I much regret my inability to attend in person your Annual Conference on the 7th (August), a visit to which we all have regarded as a pilgrimage to the Cooperative North from Official Colombo. However, fresh from the International Conference at Oxford, which is just over, I join you in spirit newly inspired by what I have seen and heard there.

Jaffna came very much to my thoughts more than once...

I would conclude by conveying to you and your Conference what struck me as the most memorable remark made by any delegate at Oxford last week viz: that of Professor Ashby when he said in praise of the Cooperative Movement that the best hope for mankind and the truest test of democracy was not the mere setting up of Parliamentary institutions, which themselves could be subverted to totalitarianism, but the ability of the common man unhindered to create and maintain locally his own social, political and economic institutions; of these the Cooperative Society, whatever its type, was a precious example" (See Appendix 2 for full text of the letter).

As pointed out by Shelton Fernando the Annual Conferences were, from the beginning, one of the Federation's chief means of communication and public education, following the tradition of the early Cooperative Movement in Britain. Indeed the 'Cooperator' observed at the 32nd Annual Cooperative Conference held in Jaffna,

"The Industrial and Provident Societies Act received the Royal Assent on June 30th, 1852 and in the following month a Conference was held in London to discuss the Act... Many conferences followed suit and it is no exaggeration to say that the British Cooperative Movement came to be beaten to shape on the anvil of the Cooperative Conference, from the time of the annual cooperative congresses of pre-Rochdale England " (141).

Both the journals published by the NDCF had wide circulation not only among cooperators but among the general public as well.

The monthly Aikkiyatheepam was the first cooperative journal to appear in the country and was widely respected and read by a wide spectrum of the general public. The following message from the Commissioner of Cooperative Development points out the measure of its impact on the whole country,

"DEPARTMENT OF COOPERATIVE DEVELOPMENT
CEYLON

14 December 1949

The Editor
'Ikiatheepam'

c/o The Northern Division Cooperative Federation Ltd.,
JAFFNA,

Dear Sir,

I am glad to learn that you are issuing a special number of the 'Aikiatheepam' in Tamil, Sinhalese and English on the occasion of the forthcoming All-Island Cooperative Congress. I should like to express my appreciation of this gesture of yours, which serves to emphasise the fact that Cooperation transcends all barriers of race and language, and acts as a unifying force in bringing together all classes, creeds and communities with the object of achieving their social, moral and economic improvement through mutual effort. I wish your venture all success, and trust that it will enable Cooperators in other parts of the Island to acquaint themselves with the remarkable progress made by the Movement in the Northern Division, which has been the pioneer in several fields of Cooperative activity (just as your own magazine has been the pioneer in the field of Cooperative journalism in Ceylon), so that Cooperators all over the island can work together in friendly rivalry to hasten the realisation in our midst of the aims and ideals of the Cooperative Movement.

Yours truly,

E.J. Cooray, C.C.S.,
Commissioner of Cooperative
Development " (142)

The President of the NDCF claimed in 1968 that The Cooperator with a circulation of over 3,000 copies reached readers

both in Ceylon and abroad. He said,

"The Paper is run, not from Government subsidies, but from contributions by member societies: it is therefore, the voice of the Cooperative Movement. The Editorial Board which is responsible for its publication, consists of eminent cooperators and educationists in the region" (143).

Its impact can be measured by a few opinions expressed by readers,

- (a) "Rev. Dr. Sydney K. Bunker,
President, Jaffna College.

I salute "The Co-operator" on its first birthday. It is serving a most useful purpose in keeping us in the north aware of what is happening in the world of cooperation - not only of what is happening but also of the thinking going on in this field. Beyond this it is giving us news and views of current interest in many fields and in a very sprightly way. I trust that it will find even wider support and continue to serve its useful purpose with ever greater strength in the year ahead - indeed, in the years ahead." (144)

- (b) "M.J. Kurwilla Esq.,
Professor of English,
Aquinas University College.

The Co-operator, on its completing the first year of its publication, deserves the heartiest felicitations of all those interested in sane, intelligent journalism. In these days of mass circulation dailies with their appeal to the lowest common denominator of public taste, willing to sacrifice all moral scruples for commercial motives, it is difficult for a weekly with serious aims and purposes to survive. But the Cooperator, I am sure, has come to stay and that is a great achievement.

However, serious aims, either general or particular, need not exclude variety, liveliness, humour. A journal dedicated to further the cause of the Cooperative Movement can become abstract, rather impersonal. The remarkable thing about the Cooperator is that it caters to a variety of interests at a reasonably high level. In fact, it is my earnest wish that the wonderful work that the Cooperator is doing for the study and the appreciation of the English Language through the Young Cooperator's Club may be more widely appreciated in our Schools and Colleges. While congratulating those responsible for bringing out this journal against heavy odds, I take this opportunity of wishing that the Cooperator may still further succeed in enlisting the support of all those who value principles above expediency, sanity above hysteria" (145).

- (c) " Dr. K. Kularatnam,
Professor of Geography,
University of Ceylon.

I look forward to The Cooperator every Monday here. I relish every line of it. The summaries of Ceylon and World News is a very remarkable and unique feature of your journal, which reveals a sympathetic understanding of the busy reader and caters to his need in the most appropriate and convenient form. The Editorials are very invigorating; so also the Quotes, Literary Clippings and the news items. Please maintain this pattern. I wish you all success " (146).

- (5) Encouraging the Formation and Development of School Cooperatives

Another important area in which the NDCF began to take an active interest with considerable success was in encouraging School Cooperatives, and in taking the message of Cooperation to the youth in many ways, especially through its two official publications which carried special features to interest the young, and the International Cooperative Day Celebrations, in which students' participation featured prominently. By way of illustration, the Cooperator reported in 1963,

"Quite an important feature in the Cooperative activities of the North was the organisation of the International Cooperative Day celebration, which took place on the 13th and 14th of July 1963 under the auspices of the NDCF in Jaffna.....

"The highlights of the celebrations were competitions in Essay, Elocution and Cooperative Songs, Bicycle Race, Variety Entertainment, Procession of Cooperators, a Pageant on Wheels, Motorcade, Public Meeting and Drama....

"The celebrations not only lived up to expectations but showed the people at large the strength of the Cooperative Movement in size and spirit...." (147).

It was perhaps this spirit of the Cooperative Movement in Jaffna, that prompted Mrs. Caroline Dale-Owen Baldwin*, when she visited the Jaffna Cooperative Training School in 1970, to say of the Movement

*Great-grand daughter of Robert Owen

that it was "in the truest Robert Owen tradition - one of the purest examples I have seen on my world tour of cooperatives" (148).

Some School Cooperatives did quite well supplying school-books and stationery, running canteens and encouraging other common types of activities, such as gardening. Van Wengen recorded,

"Some school societies do not confine themselves to cultivating the school gardens. In the Jaffna district of Ceylon several of them are employed in some form of cottage industry. The school cooperative on the island of Delft, for instance, delivered to the purchasing and marketing societies' union of Jaffna a total of 100,000 small woven baskets for the storing and transportation of onions" (149).

But the social and educational benefits are less tangible. The onion containers are made from the discarded veins of the palmyra leaf after it has been shredded for cattle feed and the better veins selected for other uses. To the students, it was a lesson in the dignity of manual work, sadly lacking in Jaffna. It was also a profitable way of utilising an average student's leisure, estimated at 1,390 hours for teenage boys in school and 1,010 hours for girls in a year, apart from nearly two months' vacation (150).

Apart from enabling the poor student to supplement his parents' income, the school, and subsequently many schools, became agents of community education by spreading the knowledge about a profitable cottage industry to those villagers who desperately needed to earn an extra income during their leisure, putting to optimum use a raw material freely available.

Beginning from 1968 the Jaffna Cooperative Training School began to play a more decisive role in cooperative/community education with the appointment of an educationist as full-time Principal, who was assisted by full-time and part-time staff with knowledge and expertise in their respective subject areas. Apart from the

three levels of training provided, the school organised Refresher Courses on a regular basis for employees as well as members of cooperative societies, and 'work experience' programmes for all its trainees. The Principal and other members of the staff visited schools and cooperative societies, participating in meetings and seminars etc. Summarising this new role of the Jaffna Cooperative Training School, the Principal observed in his message to the school magazine,..

"...The truth of the matter is that cooperative education in Ceylon has slept too long in the luxuriant woods of pampered ease, that the time is now ripe for a journey out, if the cooperative sector is to earn its rationale as a distinct economic system in its own right. The journey is a long one, but the goal is worthy of the effort.

... The aim of cooperative education, in the last analysis, is to give to the people a renewed vision of a better economic and social order through cooperative effort. Such a vision alone can help them to see their problems in a new perspective and enable them to derive optimum benefit and satisfaction from their environment through intelligent action"(151).

A Comparative Study

In sharp contrast to the Northern Province is the Eastern Province, where the minimum conditions needed for cooperative development were notably absent. There is consensus among cooperators that this explains the failure of the movement in the Eastern Province, especially in the formative years. For example, Mr. P.E. Weeraman, former Commissioner and Director of the ICA Regional Office at New Delhi observed that,

"the Northern Province had always top men to provide leadership, men like Veerasingam and Arulambalam who were in many ways altruistic, not one of them inclined to feather his own nest - selfless workers who worked round the clock and managed their own affairs creditably..." (152).

Mr. Weeraman said that he was never really impressed by the Cooperative Movement in the Eastern Province, where most of the people merely wanted to get something out of the movement at any cost.

In comparison, he referred to some Sinhalese areas in the South, e.g. Sandalankawa, Palugama and Baddegama, where the cooperative movement had been successful. He said that he had no doubt that the quality of the Movement depended on the culture of the area. Citing Baddegama as an example, he said that it had an educated population and had produced many scholars. Its Christ Church (1812), one of the earliest churches to be built during the British rule, existed side by side with Buddhist Pirivenas. It is no accident, therefore, that Baddegama ranks as the best area in the Southern Province for cooperative activity.

Yet, on the whole, he observed,

"the benefits of the Cooperative Movement meant more for the people of the North than for the average Southerner. They knew how to get the best out of the Movement" (153).

Asked to exemplify, Mr. Weeraman argued that in the first place the literacy rate in the North was higher than in the rest of the country. He could also think of a difference between the character of the average Muslim and that of the average Hindu. The Muslims, he pointed out, were exponents of opportunism based on religion. They were given so much to exploitation that there was a marked absence of altruism among them. On the other hand, Hinduism, and even Buddhism to some extent, through its theory of karma imposed a certain amount of self-discipline and altruistic outlook. He also saw some truth in the saying, "The poor Indian respects the Maharajah", i.e. people have been used to looking up to and working under traditional leaders, even under

different circumstances. What he had in mind, he said, was the caste system and the latter-day class system, in which there was little change in the traditional roles of those who led and those who followed. Perhaps this phenomenon could provide some explanation for the strength of the Cooperative Movement in some parts of the country including the Northern Province. In this connection he referred to the Anand Cooperative Milk Union Ltd., in the Khedar District (India) with 776 cooperative milk-producing societies affiliated to it, whose machinery alone is worth more than Rs. 20,000,000.

The picture of Vasantha Rao Patel, who was President of the Union for the first 25 years, hangs in all the houses in the District. When there was a move to remove him from the post under the new 6-year rule, the entire Board of Directors threatened to resign. "This is not surprising", Mr. Weeraman observed,

"when one considered the fact that when the very livelihood of the villages in the District depends on the success of their local societies and the parent union, people generally would not be interested in changing their leaders unless it becomes absolutely essential in their own interest to do so."(154).

"It was of this Cooperative Union", he said,

"that the President of the Cooperative League of the U.S.A. had observed: 'I have seen the best cooperative in the world!'" (155).

Mr. R.H. de Mel, veteran cooperator and Member of the Royal Commission on the Cooperative Movement in Ceylon (1968-70) said that in comparison with the North, the Movement in the Eastern Province was expansive. "Let us get the most out of the cooperative societies", seemed to be the motto of the average person in the Eastern Province - "an inherent belief that what was being misappropriated was 'Colombo money'", he exclaimed.

The Cooperative Movement in the Western Province was an 'Urban Movement', he said, in contrast with the North where it was rural-based. He referred to two Coconut Cooperative Societies in the South which are doing well - the Dunagaha Coconut Cooperative Society and the Marawilla Coconut Cooperative Society.

Mr. de Mel reminisced that when he joined the Colombo Cooperative Provincial Bank he was sent on a study tour to the Northern Province with Marshal Amaratunga. Their chief purpose was to see how the Jaffna Cooperative Provincial Bank was functioning. They were able to see not only the working of the bank but "a significant absence of political pressures in the North - where one was free to go in the direction one wanted", he emphasised. He also observed that "the Jaffna man, prudent and hard-working as he was, made use of the opportunities as they came".

Though he felt that cooperative management presupposes some education, to him "the spirit or ethics of cooperation" was more important than education. English education helped in the sense that it gave access to literature and international communication, but he believed more in a 'common purpose' than anything else (156).

Many others made similar observations. For instance, Mr. V. Nadarajah, former Assistant Commissioner and Manager of the People's Bank said that he had worked in the Eastern Province in 1942 when the entire province came under the administration of the Assistant Commissioner stationed in Jaffna.

His general observation was that people in the Eastern Province were on the whole uneducated, apathetic and prompted by selfish profit motives. He had found the Muslims particularly so, often untrustworthy.

During his long association with cooperative societies in the Northern Province, he had seen honesty and integrity of the highest order at the village level among ordinary farmers who successfully managed their own cooperative credit societies. He cited some instances when Honorary Treasurers of Credit Societies displayed utter simplicity, honesty and sincerity of purpose (this evidence was corroborated by Mr. S. Candiah whom I met many times in the course of the field work). Mr. Nadarajah stressed that one could "swear by their standard of honesty" (157).

Mr. Nadarajah also felt that there was better leadership in the Northern Province, compared to the rest of the country. Teachers and Malayan pensioners in particular provided the backbone of leadership so vital for the growth of the Movement - they had sufficient leisure and expertise to take on the role of leadership, and were prepared to perform their tasks in an honorary capacity. As outstanding examples he mentioned the names of Messrs. Veerasingam and Chellappa and Mudaliyar Ponnampalam (158).

Cooperators from the Eastern Province agreed with the observations of others. For example, Mr. K.W. Devanayagam, Minister of Justice (159) (at interview on 14.9.78) and Muhandiram C. Muttucumaru (160) (at interview on 20.9.78), both father figures of the Cooperative Movement in Batticaloa and Trincomalee respectively, expressed very similar views. The letter from Muhandiram Muttucumaru (see Appendix 3) sums it up.

The following figures show the steady growth of the Cooperative Movement in the Northern Province in comparison with the rest of the country, especially the Eastern Province where there was an exceptional rush to form and register societies, but due to the marked absence of most of the minimum conditions the initial

flurry had to founder on the hard rocks of realism: (161)

Table 7

<u>Year</u>	<u>WP</u>	<u>SP</u>	<u>CP</u>	<u>NP</u>	<u>NWP</u>	<u>NCP</u>	<u>EP</u>	<u>SAB</u>	<u>UVA</u>	<u>TOTAL</u>
1914	4	8	5	7	2	1	2	3	3	35
1915	12	9	10	10	2	2	2	3	4	54
1916	13	9	10	10	2	2	2	3	4	55
1917	20	10	12	16	2	2	2	3	4	71
1918	29	17	10	15	2	1	6	7	5	92
1919	29	24	11	16	4	1	6	7	5	103
1920	46	30	16	17	4	1	6	9	7	136
1921	48	30	16	17	4	8	14	10	7	154
1922	50	32	21	20	5	8	14	12	7	169
1923	52	37	26	20	8	9	37	12	7	208
1924	52	41	30	26	12	8	35	11	7	222
1925	54	44	35	28	18	8	45	18	7	257
1926	58	48	40	41	28	13	64	15	8	315
1927	49	41	43	43	32	14	63	12	6	303
1928	63	42	46	71	39	20	53	13	13	360
1929	63	28	53	102	45	21	44	13	14	383
1930	94	31	75	119	60	26	34	12	8	459

Note: With the amendment of the Cooperative Societies Ordinance in 1921 to enable non-credit societies to be registered nine secondary societies and a few special types of societies were formed, but the majority continued to be Credit Societies of Unlimited Liability, e.g. of the 315 registered cooperative societies in 1926, 290 were credit societies.

For the purpose of the Report of the Royal Commission Cooperative Societies were classified into five classes in accordance with the following instructions: (162)

Class A - Excellent

A society should be considered for classification under Class A only if it has made steady progress over a minimum period of ten years. Other characteristics of an A Class Society are

- (a) Members are very satisfied with the services provided by the Society,
- (b) The business of the Society is efficiently managed,
- (c) There is a steady growth in owned capital of the Society,
- (d) The members invariably elect a good Committee,
- (e) Cooperative principles and practices are being observed,
- (f) The members discharge their obligations (e.g. regular loan repayments) and are loyal to their Society (e.g. by making regular purchases and/or by marketing their products through the Society), and
- (g) Generally speaking an A Class Society is a model to other societies.

Class B - Very Good

A society should not be classified under B unless it has shown steady progress for over five years. In other respects the Society is generally satisfactory although it has not reached the same degree of excellence as those in Class A. The Society, however, is above average.

Class C - Average (Good to Fair)

A Society should be classified under C if its working is considered generally satisfactory though not as good as B. It may have some defects but the Committee and the employees are conscious of its defects and are prepared to remedy them. But the Society does not deserve to be classified as bad.

Class D - Bad

A Society which deserves to be called bad should be classified under D. The members and the Committee are lethargic and uninterested. The employees are inefficient and/or dishonest or the Society has become the business of the manager or of one or more office-bearers. The service to members is far from satisfactory. The Society's capital is insufficient and/or is gradually dwindling due to losses. The turnover is insufficient. The members are disloyal (loan repayment is poor, members do not deal with the Society, etc.)

Class E - Defunct or nearly defunct

All societies which have ceased to exist or almost ceased to exist should be classified under E.

The Royal Commission pointed out,

"Assuming that the Grades A, B and C represent an acceptable standard of business operations, about 46 per cent of the Societies are viable... If the figures are examined by district, considerable variation is found. For example, the four districts in the Eastern Province (Trincomalee, Batticaloa, Kalmunai and Amparai) have only about 4 per cent of the Societies in Class A or B as against the national figure of 8 per cent, and Kalmunai alone has 70 per cent in D and E as compared to the national figure of 54 per cent. Cooperatives in Kalmunai have a bad record of corruption, which is not peculiar to the Movement in Kalmunai alone, but in this particular area there are rather special overtones of political pressures and official connivance.

As for political interference in the affairs of the Cooperative Societies through control of the Committee, we are satisfied that it is all too common for the good of the Movement. However, there is evidence that this particular feature is not at all uniform throughout the Island, being felt least of all in most parts of the Northern Province and worst of all in some parts of the Eastern Province" (163).

A notorious example from the Eastern Province was the setting up of the Batticaloa Paddy Bank by Mr. C.V. Brayne, the Government Agent in 1920 with a view to assisting the paddy cultivators in the District. A large number of Credit Societies were formed and Cooperative Credit Societies who received loans from the Bank defaulted and the whole scheme collapsed.

The following figures for 1920-21 (164) are illustrative:

Table 8

Name of Society	No. of Members	Total Member Deposits (Rs)	Amount Borrowed from Paddy Bank (Rs)
Nindoor Muslim Soc.	18	9	3000
Kiran Society	42	11	1070
Naipaddimunai Soc.	34	13	1500
Tampiluville Soc.	17	4.25	250
Kurukalmadam Soc.	10	2.75	350
Kalmunai-Padiruppu Soc.	18	8.50	333

By 1926 as much as Rs. 81,000 of the loans overdue out of a total of Rs. 207,000 for the whole country was from the Batticaloa District and by 1934 as much as Rs. 50,000 had to be written off by the Paddy Bank. In his Administration Report for 1927-28 Mr. Campbell, the Registrar observed,

"Forced growth in the early stage with liberal finance but without education led to the issue of many loans for uneconomic propositions which resulted in loss. Others yielded profit, but, for lack of mutual supervision, the profits were dissipated without the loans being repaid. The result was a terrible accumulation of default which continued and even increased for several years." (165)

A delegation which gave evidence to the Banking Commission of 1934 explained the reasons for the collapse of the Paddy Bank in the following terms:

- (a) The initial loans were made to enable people to open land and settle down. Obviously such money could not be repaid in 3-6 or even 12 months as was expected by those in charge of the lending. Advances were made for short periods but the money was used for purposes which could not permit of such repayment.
- (b) The borrowers of the Paddy Bank were formed into Societies, and the same inability to repay within a short period continued.
- (c) The borrowers considered that the money lent to them was more or less a present by Government. They thought that advances were made from funds of their own business and they were in reality entitled to that money. Several of them had no idea whatsoever of repaying it.
- (d) Members of the Committees of Cooperative Societies mostly lent to their friends and relatives and they could not be strict in enforcing payment.
- (e) Better class of people did not join the Society because of its Unlimited Liability.
- (f) A tobacco merchant wanted to corner the tobacco trade and obtained large stocks of tobacco from the cultivators on credit promising to repay them as soon as he had sold his goods. His plans miscarried and he had to close down his business. The poor cultivators lost heavily as a result of his failure and could not meet their obligations.
- (g) The people did not fully know the benefits of cooperative credit. They were lacking the real foundation on which

alone such credit could be built.

- (h) In several societies the Chief Headman was the Chairman. He had more or less a free hand as to whom to lend and other members of the Committee dared not say "No".
- (i) The same persons came in as sureties for a number of transactions, with the result that each of them carried a much greater liability than he could ever be expected to repay. There were, as it were, permutations and combinations of borrowers and sureties.
- (j) The final blow came when the Cooperative Department in a hurry decided that the Movement miscarried and that the whole thing should be wound up (166).

Whereas the Cooperative Credit Societies in Batticaloa were wound up by Mr. Campbell, the Registrar in 1931, he complimented the Credit Societies in Jaffna on their borrowing a total of Rs. 99,860 from the Local Loans and Development Fund in 1929 when the total borrowing of all the Societies in the Island stood at Rs. 206,727. "It was therefore fitting", observed the Royal Commission, "that the first step towards financial independence was taken when a Cooperative Central Bank for Jaffna was registered in April 1929" (167).

What Messrs. Robert Staemorse and Eric Ericsson of the ILO said of the cooperative 'spirit' when they visited the Jaffna Cooperative Training School is significant, for it was that 'spirit' or 'ethos' that lay behind the success in the Northern Province, but was found to be totally lacking in the Eastern Province. Mr. P. Kanapathipillai, Attorney-at-Law described it from his own experience.

His interest in the Cooperative Movement started with the

School Cooperative Society at Hartley College, Point Pedro, where he was a student in 1929. He was greatly influenced by the teacher in charge of the Society, who, he claimed, had a high sense of integrity, especially when it came to the use of public money. He said that he never forgot the teacher's maxim about the handling of public money; in essence, what he had taught him was that it was a 'Sacred Trust', and it deserved to be treated as such.

After Mr. Kanapathipillai left school and practised as a lawyer, he naturally got involved in the Cooperative Movement. Some of the cooperative organisations with which he had been associated were the Cooperative Credit Society in his native village of Udupiddy, the Cooperative Transport Society which was a novel experiment at a time when there were no adequate means of transport, and the Udupiddy Multi-Purpose Cooperative Society, of which he had been President for a number of years.

Of his contemporaries, he remembered the late M. Mathibalasingam as the person who influenced him most. He considered Mr. Mathibalasingam to be a model cooperative officer, who went out of his way to be one with the people. Others who influenced him by their example were Ragunathan, Cooke and Veerasingham, who sacrificed their time and energy to "educate the people about the value and the principles of the cooperative way of life" (168).

In the course of the interview, Mr. Kanapathipillai touched on a very important point not generally known or recognised by people, especially comparative educationists.

It is true, he said, that Christian Missionaries established more schools in Jaffna than in any other part of the country, but what is not generally known is the importance given to education in the North and the far-sightedness of the average Northerner, which made him support, and even supplement, missionary activities. He

went on to give examples of land and timber donated by villagers to get missionaries to establish schools in their areas. As a lawyer, he had seen deeds of donation by a number of people, who, although Hindus by religion, had no qualms about their children receiving education in Christian schools, for they were prepared "to pay any price to get it" (169).

Some cooperative societies in the outlying districts of Vavuniya and Mannar provide evidence of the importance of cooperative education, not necessarily formal, in the development of the cooperative movement. In all cases, however, their links with the NDCF appeared to have been a decisive factor in determining the quality of the leadership and the nature of their activities. They also show some evidence of the link between cultural homogeneity and cooperative activity.

(a) For instance, the Kumulamunai Cooperative Credit Society cum MPCS in Mullaitivu in Vavuniya District started in 1943 as a credit society with a membership of about 30 farmers. It grew from strength to strength, gradually taking over the functions of retail trade and the purchase and supply of paddy. On average it makes an annual profit of Rs. 1000 to Rs. 1,500 on paddy transaction alone. Throughout the period of its growth from credit to consumer and finally multi-purpose there had never been a single default or need for reference to arbitration. There had always been one hundred per cent attendance at Annual General Meetings.

The men responsible for the success of the society, who were interviewed on 19.9.78, were not educated in the formal sense. Mr. Nagalingam, the President, was a farmer prompted by a sense of social service. Mr. Kathirithamby, the Secretary, was also a farmer interested in village development and the activities of the

village temple. Mr. Michaelpillai, one of the founders, who too was a farmer, had helped to establish a number of credit societies, including one in his native village of Alamvil, which is very successful. He had held various offices in the Cooperative District Union, the Cooperative District Bank, the Jaffna Cooperative Provincial Bank and the NDCF. He was a leader of the local Catholic Church in Alamvil and an active member of the Rural Development Society. Both Kumulamunai and Alamvil Cooperative Societies have a membership of one hundred per cent Tamils, with a majority of Hindus in the former and a majority of Catholics in the latter.

They paid tribute to the NDCF and the men behind it who, they claimed, influenced them greatly. They referred in particular to Mr. Veerasingam and Mr. Rajaratnam, former Presidents of the NDCF and Messrs. Ponniah and Mathibalasingam, Assistant Commissioners who, they said, went out of the way to help them. They had no doubt that the Northern Province had the best cooperative movement in the country and this they attributed to good leadership born of sound education and culture.

Their district was lagging behind Jaffna because, due to historical and geographical reasons, the village communities had to live far apart, and in the absence of adequate means of transport and communication, any development had to be expensive. They emphasised, from their own experience, that both formal and informal education are essential for cooperative development. But formal education could succeed, they surmised, only in communities where there was a basic provision of informal education to serve as a foundation. To them their informal education had stood them in good stead, they chuckled.

They had no doubt that their success in building up the village cooperative was mainly due to the community spirit in the village, which had been kept alive. They still practised mutual help, e.g. they had formed a village Death Benefit Society with 31 members. On the death of a member all other members made a standard contribution of Rs.10 each which went towards funeral expenses and initial help to the bereaved family. Through their Rural Development Society they started an infant school which was later taken over by the Village Council but continued to serve the community. Meetings of the cooperative society are held regularly on full-moon days and punctuality and regular attendance are observed as 'golden' rules.

Of significance was the unanimous decision taken at the Annual General Meeting of the Society in 1973 to build a hall in the village temple premises. It was felt that the people needed a hall for their social and cultural activities. Every member agreed to donate a palmyra palm for timber or the equivalent value in cash, i.e. Rs.10. Shramadana (voluntary unpaid labour) was used to build the hall which was completed in 1975 at a cost of Rs. 13,040 - it measures 60 feet by 20 feet and there are arrangements to manage and maintain the building on a mutual basis (170).

(b) Interview with Mr. E. Subramaniam

Mr. Subramaniam B.A., underwent Higher Level training at the School of Cooperation, Jaffna, after joining the Cooperative Movement (as the Manager of a Cooperative Society). Subsequently he had been Secretary of the Mannar Cooperative District Union for some years before being appointed as Secretary of the Jaffna Branch of the NCC.

Having joined the Cooperative Movement for the sake of employment, he got involved in it as time went on. His other major interest, he said, was farming.

Mannar is one of the Districts in the Northern Province and Mr. Subramaniam, having worked there was able to throw some considerable light on the conditions there. Of those who influenced him most he mentioned two persons from Mannar, Mr. Seyul Abdeen and Mr. Thiruchelvam, both pioneer cooperators. Mr. Seyul Abdeen founded the Tharapuram Cooperative Credit Society which flourished under his leadership over the years and today occupies a prominent place in Mannar in its own building. With a reserve fund of over Rs. 35,000 and a substantial savings fund, it gives loans to members at a very low interest rate of 6 per cent. Mr. Seyul Abdeen's interest extended beyond the credit society to the Mannar District Union, the NDCF and the Cooperative Federation of Ceylon, in which organisation he held important offices for a number of years. In fact he, along with Mr. Rajaratnam (former President of the NDCF) is credited for the present strength of the Mannar District Union (now the Mannar Branch of the NCC) which has its own imposing building in the district.

Mr. Thiruchelvam started the Murungan Cooperative Credit Society which is one of the few outstanding credit societies in the entire province. Like the Tharapuram Cooperative Credit Society it has a strong reserve and savings fund and gives loans to members at 6 per cent of interest. Mr. Thiruchelvam is also regarded as one of the architects of the Murungan MPCS.

The interesting point that came out of the interview with Mr. Subramaniam was that both Mr. Seyul Abdeen and Mr. Thiruchelvam were 'uneducated' in the sense that they had not been to any school

at any time. Yet they were not only literate and numerate, but also had the capacity to manage large organisations and provide good leadership. Mr. Subramaniam explained that both of them were deeply religious, Mr. Seyul Abdeen, a devoted Muslim and Mr. Thiruchelvam, a devoted Catholic. The Therapuram Credit Society founded by Mr. Seyul Abdeen was composed of one hundred per cent Muslims (Tamil speaking) and the Murungan Cooperative Credit Society founded by Mr. Thiruchelvam had one hundred per cent Tamils (Catholics) as members. Mr. Subramaniam then referred to another Cooperative Credit Society at Erukkalampiddy in Mannar which was quite successful and which too had one hundred per cent Tamil-speaking Muslims as members. It was soon established that of the credit societies that withered away, most were of mixed membership, though there were a few which had one hundred per cent of Tamils or Muslims as members. Mr. Subramaniam was not sure, however, whether ethnicity was a factor that determined the success or failure of a cooperative credit society.

Mr. Subramaniam then referred to the contribution made by the NDCF to the development of the Cooperative Movement in the Mannar District. He said that the Mannar and Vavuniya Districts continued to maintain their ties with the NDCF, especially through the Annual Conferences organised by the NDCF. It was Mr. Subramaniam's contention that leaders like Mr. Seyul Abdeen and Mr. Thiruchelvam owed a great deal to the informal education they had received especially through their association with the NDCF and its leaders. As a result, he said, they had gained sufficient maturity as leaders, capable of speaking effectively at conferences and seminars and contributing valuable articles to cooperative journals. They themselves acknowledged their indebtedness to men like Veerasingam,

Rajaratnam, Arulambalam, etc., of the NDCF, he maintained (171).

(c) Interview with four Graduate-Inspectors of Cooperative Societies

A very convincing testimony came from four young graduate-inspectors of cooperative societies, three of whom were trained at the Jaffna Cooperative Training School. The joint interview helped to shed a great deal of light on the conditions necessary for cooperative development, especially by comparing the Northern Province with the Eastern Province:

Interview with Messrs. Ganeshamoorthy, Saravanapavan, Koneswaran and Masilamany, Graduate Inspectors of Cooperative Societies (172)

Except for Mr. Koneswaran from Trincomalee (Eastern Province) who joined the Department of Cooperative Development as an Inspector after his graduation, all the rest came into Cooperative Movement through the Graduate Training Scheme implemented by the government, and after a period of service as employees of cooperative societies, were absorbed into the inspectorate. All of them had worked in the Eastern Province for periods ranging from 4 to 7 years, and at the time of the interview were serving in the Northern Province.

They admitted that they did not enter the Cooperative Movement as a matter of choice, but having entered the Movement by force of circumstances they found something attractive and worthwhile about it. They also admitted that there were moments, especially during their work in the Eastern Province, when they wondered if the Cooperative Movement had abandoned its principles in the thick jungle of inertia, corruption, nepotism, and political patronage.

Here were a small band of young enthusiasts whose expectations had been raised to such levels that they found themselves often disillusioned when confronted with real situations, and it was plain that they turned to me for moral support and guidance, at the same time showing a great deal of interest in what I was going to ask them. While not denying them what they were looking for, I made use of the joint interview with them to elicit some information, particularly on the basis of comparison between the Northern and Eastern Provinces, as seen through the eyes of these young social science graduates with a basic training in the theory and practice of Cooperation, and some experience of the Cooperative Movement as it operates in the two provinces.

Significantly the three who were born and educated in the Northern Province said that they were greatly influenced by their teachers (A.E. Tamber, S. Candiah and V. Ponnampalam) all of whom happened to be genuine cooperators. But Mr. Koneswaran, who was born and educated in the Eastern Province till he entered the University, confessed that he could not think of any teacher, or for that matter any contemporary, who influenced him in any way.

All of them were interested in education, cultural activities and social work.

On the question of disparities between the two provinces there was a mixture of opinions. Mr. Ganeshamoorthy observed that there was a marked difference between the Northern and Eastern Provinces in the degree of institutional development. Whereas in the North all institutions like schools, hospitals, libraries, cooperatives, etc. had reached a high level of development, one could discern a lack of uniformity in the development of such institutions in the Eastern Province. This was supported by the others, who referred in particular to the work done by institutions like the

NDCF in the North by way of education and propaganda. Mr.

Ganesamoorthy also referred to unnecessary political interference in the Eastern Province and a spirit of mutual exclusiveness between the Sinhalese, Tamils and Muslims which permeated all activities. Another difference he noticed when he worked in the Eastern Province was the utter disinterestedness of schools in the Cooperative Movement. He cited the example of a small girl who was asked, "What do you know of the Cooperative Movement?". Her immediate response was, "It is a den of thieves". I pointed out that the child was in all probability reflecting the views of the elders in the community. Though he and the others agreed that it was possible, they thought that the average child in the Northern Province was better informed about current affairs than the average child in the Eastern Province, because schools in the North provided a more balanced education.

Mr. Saravanapavan, who was posted to the Eastern Province soon after his initial training said, that what he saw and experienced in the Eastern Province was the very opposite of what he had learnt or seen in the Northern Province. He said that he received the first shock when a senior cooperative inspector, who was also from the North, told him,

"Let us not bother about details or delve into matters that might disturb the peace of the place. When you see dishonesty and corrupt practices, you must remember that they are the accepted norms of the Cooperative Movement in this part of the country. Soon you must learn to overlook them, as otherwise our jobs and our very existence might be at risk" (173).

In spite of all his attempts to do an honest job, he found that in the absence of any support from anybody, all his labours were wasted. The average person whom he met was not prepared to do any hard work, he observed. Mr. Saravanapavan's view was echoed by Mr. Masilamany

who had also found in the Eastern Province a general tendency for people to look for an 'easy life' and shun an honest day's work. People were generally eager to get anything 'free' - even loans, which, he observed, they were reluctant to repay when the time came. This was in sharp contrast to the situation that obtained in the Northern Province, he emphasised.

Mr. Masilamany went on to observe that there were less facilities for recreational and cultural activities in the Eastern Province in comparison with the Northern Province.

This was a convenient point for Mr. Koneswaran, who obviously knew more about his native province, to express his opinion with authority. He explained that there were a fair number of facilities for sports, recreation and cultural activities, but these were confined to the two capital towns, Batticalba and Trincomalee. There was a marked absence of these facilities in the villages which were far apart, in comparison with the Northern Province where even the remotest village had some provision or other for recreation and cultural pursuits.

The main defect in the Eastern Province, he thought, was that schools played very little part in promoting such activities, largely for lack of public support, and also because of the lack of interest among teachers most of whom were expatriates mainly from the Northern Province.

He went on to say that since the economy of the Eastern Province depended solely on agriculture, there was greater need for cooperative societies in the Eastern Province than anywhere else. But unfortunately, from the beginning, most of the efforts to start and develop cooperative societies met with failure. The reasons he could give for such a sad state of affairs were: (174)

- (1) From early times the economy of the province had been controlled by a few families. Cooperative Societies, whenever they were established, were either utilised by these families to further their own interests or, in the event of any resistance, those who resisted were bullied into virtual surrender.
- (2) Christian Missionaries did not establish as many schools in the Eastern Province as they did in many other provinces, especially in the Northern Province. Whether this was due to lack of local initiative and support, he could not say, but he certainly felt, like many others, that it was blatant discrimination against the Eastern Province from the very beginning of colonial rule.
- (3) There was more exploitation by colonial powers in the Eastern Province than anywhere else; even the expatriates mainly from the Northern Province, resorted to exploitation, and by virtue of their education, controlled most of the institutions quite out of proportion to their numbers.
- (4) From colonial times the Trincomalee Harbour and the Naval Base have been the chief avenues of employment in the Eastern Province. Since academic qualifications were not insisted upon to join the harbour services or the navy, from the start people had not been inclined to value formal education.
- (5) Because of the presence of three different ethnic communities, the Tamils, the Muslims and the Sinhalese, there is a marked absence of common ground, but instead, mutual fear, antagonism and suspicion, which politicians had not hesitated to exploit.
- (6) Cooperatives are often at the mercy of politicians or those who wield political influence.

On the question of ethnicity and the Cooperative Movement all of them felt that no cooperative society with a mixed membership could succeed chiefly because of mutual fear and suspicion. There were also cultural differences which militated against establishing cooperative societies with a mixture of two or three different communities. They also pointed out how under the recent 'Reorganisation Scheme' more 'Tamil Cooperatives' were brought under the axe, as it were, which they felt was nothing short of political vindictiveness.

As far as political interference was concerned, they said that from their experience they were convinced that the Northern Province was far ahead of the rest of the country put together, in that it had succeeded in preserving an independent Cooperative Movement in spite of a lot of political coercion resorted to in recent years.

There was also general agreement about the lack of transport and communication facilities in the Eastern Province, where the general infrastructure inhibited development, in comparison with the Northern Province where the infrastructure was generally favourable to development.

Another sharp difference between the two provinces was the greater intensity of labour in the Northern Province, where the average holding of land was barely one acre as against five acres in the Eastern Province.

On the question of inputs at local level they were unanimous that education and leadership should come first, with capital, dedicated membership and honesty of purpose to support them. It was in this respect that the Northern Province was well ahead of the other provinces, they claimed, particularly in comparison with the Eastern Province.

Customs and traditions had been preserved in the Northern Province to a great extent over the centuries in spite of the many social, economic and political changes that had taken place, mainly because of the cultural homogeneity of the people. In the Eastern Province there had been a gradual disintegration of customs and traditions with changes in the ethnic composition of the population. For example, the custom of initiating the child to learning ceremonially and the Guru tradition were virtually extinct in the Eastern Province, they pointed out. In short, the one big difference between the Northern and Eastern Provinces, they thought, was to be sought in the role of teachers in the community at large.

There was reference to the Comilla approach in Chapter IV, p. 81. To explain, one of the most difficult problems in development is to find ways and means of influencing individual farmers or producers who make decisions that collectively determine productivity. Establishing the kind of institutional set up with a co-ordinated approach to influence the behaviour of individuals could be an elusive, arduous and long drawn-out process.

Yet success was recorded in the Comilla District of East Pakistan, now Bangla Desh (175). The outstanding feature of the Comilla Project was that all aspects of development were tackled in a coordinated way through a variety of specialised institutions starting from the Academy for Rural Development, established in 1959, and extending up to agricultural and non-agricultural village cooperatives, with a net work of intermediate organisations.

From the beginning the Academy directed its attention to people's primary needs, namely credit, improved methods of farming, pest and flood control, irrigation, warehousing and marketing, and

above all mobilisation of local savings. There are many elements in the Comilla experience that are relevant to the cooperative approach developed in Jaffna under the supervision of the NDCF.

For instance, in Comilla a member of a cooperative society could take a loan of 60 per cent of the market value of paddy that he was able to surrender to the society. This helped him to escape the need to sell his crop at a depressed price during harvest time. Re-payment of the loan was made when the produce was sold by the society, which was usually when the price had steadied itself.

From the point of view of 'controlled' or 'supervised' credit, the more important aspects of the Comilla Programme were

- (a) savings came first, credit-worthiness next and then only loans were granted;
- (b) the systematic accumulation of members' savings and share capital was a primary goal from the beginning; and
- (c) the education of the members to the extent that they could understand, appreciate and be able to participate in the organisational set up.

To compare, tobacco is a small-holder's crop in the Northern Province. The export of tobacco to Travancore (Malayalam in Tamil) was a lucrative trade for the Northern farmer for a number of years, until the state government of Travancore began to impose exorbitant duties in order to encourage local production. It meant that the tobacco cultivator had to depend more and more on the village money-lender or trader who charged prohibitive rates of interest on the advances paid for the cultivation of the crop, and later bought the entire crop at a price far below the market price in Travancore. In short, there was large-scale exploitation of the farmers by middle-

men in which big 'sharks' both from Jaffna and Travancore were involved (176).

It was after much thought and deliberation that the Jaffna-Malayalam Tobacco Cooperative Sales Society was registered on 26 April 1934 with 13 members and a promised loan of Rs. 350,000 from the Local Loans and Development Fund. Handling a small crop in its first year of operation the Society, whose membership had risen to 219, was able to pay its members a rebate of Rs. 3,736.39. The entire operation was simple and straight-forward. Members would bring their produce to the Society to be sold. Having already taken the precaution of notifying members of the current market prices for the different grades of tobacco, the Society would classify the tobacco and pay the cultivators an average of 60 per cent of the market price as advance. On completion of all export and sale transactions the members were paid the balance due to them, the Society having deducted its actual expenses. The following figures give a breakdown of the operations of the Society from 1934 to 1949 (see Table 9, p. 141) (177).

If the Jaffna-Malayalam Tobacco Cooperative Sales Society was the first one of its kind in Ceylon, it was also designed to be an experiment in the vast potential for cooperative development in the Northern Province, especially in the area of member-education and participation. The steady growth in membership, share and reserve capital over the first fifteen years of operation indicates the extent to which the Society succeeded in winning the confidence of the tobacco growers and made them actively participate in its operation as a cohesive group for their own economic and social betterment. One of the Cooperative Officers associated with the Society since its inception, the late R.C.S. Cooke, described to

Table 9

<u>Year</u>	<u>Membership</u>	<u>Share Capital</u> (Rupees)	<u>Reserve Fund</u> (Rupees)	<u>Amount of Tobacco</u> <u>Purchased (Candy lbs)</u>	<u>Advance Paid</u> (Rupees)
1934	219	1,195	-	706,375	266,784.25
1935	425	2,225	166.74	1,324,362	119,392.78
1936	821	6,550	304.32	2,391,057	742,084.85
1937	908	6,985	304.32	811,071	219,188.34
1938	905	8,565	666.96	244,076	59,569.53
1939	919	8,570	1,713.56	363,465	57,361.67
1940	1,511	9,069	4,575.44	2,557,373	394,930.43
1941	1,873	12,716	6,572.76	2,806,472	427,195.17
1942	1,936	14,601	8,554.24	1,724,434	300,355.99
1943	1,926	14,551	8,554.24	1,043	154.47
1944	1,926	18,986	29,539.46	203,596	120,739.77
1945	2,120	18,806	32,062.39	1,224,370	587,884.15
1946	2,153	18,911	43,074.52	2,057,408	834,222.00
1947	2,195	195,961	44,574.52	1,024,015	448,035.90
1948	2,227	195,961	46,786.26	1,013,204	449,725.10
1949	2,231	197,061	662,675.69	2,322,006	1,079,259.50

the present writer how it was a common sight to see in the early hours of the morning, carts loaded with tobacco heading their way towards Jaffna, where the Society was situated, and line up in front of the building waiting for the cargo to be discharged.

In Comilla the loans were financed by the Central Cooperative Association (CCA). In the Northern Province the Jaffna Cooperative Provincial Bank (JCPB) gave loans to member societies. The lending activities of both the CCA and the JCPB increased steadily as more and more inroads were made into the education of individual farmers and more and more credit facilities were sought by member societies to meet the increasing demand made by their members.

In Comilla, the CCA arranged for sales of paddy including sale at a river-port market when necessary. As a result not only were cultivators able to get a fair price, but speculators were not in a position to control prices since the cooperatives' pooled stock was released into the market only when market conditions were favourable.

In the Northern Province, the Northern Division Agricultural Producers Cooperative Union (1942) which began by marketing the agricultural produce of its affiliated societies, gradually undertook the supply of agricultural implements, weedicides, etc., and also the dissemination of agricultural know-how to its member societies. Although it was largely instrumental in bringing about self-sufficiency in red onions and at the same time protecting the small farmers, its most potent contribution was in educating the farmers in modern methods of farming.

Finally, whereas in Comilla all the cooperative institutions were coordinated successfully for a common purpose by the Academy for Rural Development mainly through its educational

policies and programmes, similar functions were undertaken by the NDCF in the Northern Province of Sri Lanka with commendable success.

The diagram (see Appendix 5) gives a bird's eye view of the Cooperative structure in the North by 1970, a total of 1,301 cooperative societies, 1,259 primary societies and 42 secondary societies, under the aegis of the NDCF.

With substantial provision for education and training, and supervision and rectification, the Northern Division Cooperative Federation had indeed grown to maturity by the time the Royal Commission held its first public sittings in Jaffna at Veerasingam Hall, NDCF Building, on 11 February, 1969. Dr. A.F. Laidlaw, Chairman of the Commission began the session by saying,

"We are very conscious of the fact that we are meeting in what has been for a long time the stronghold of the Movement. You have been pioneers. We hope to profit by your experience, wisdom and success. The proof of the pudding is in the eating, they say. Likewise the existence of good cooperators proves the success of the Movement. Like all cooperators who are human, you must have had your successes and failures, your ups and downs. Your recommendations are clear and concise, though we may not agree with all of them. Your building is by far the finest I have seen in this part of the world. It represents the experience and vision of the Northern Cooperators and shows a great deal of planning on the part of the Cooperative Movement here" (178)

In the following final chapter the Cooperative Movement in Jaffna is evaluated, mainly in the light of the educational policies and programmes pursued by the Northern Division Cooperative Federation.

References: Chapter VI

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- (152) Mr. P.E. Weeraman, interviewed on 13.9.78.
- (153) Ibid.
- (154) Ibid.
- (155) Ibid.
- (156) Mr. R.H. de Mel, interviewed on 13.9.78.
- (157) Mr. V. Nadarajah, interviewed on 8.9.78.
- (158) Ibid.
- (159) See Note 128.
- (160) Muhandiram C. Muttucumaru, interviewed on 20.9.78.
- (161) Administration Reports of Registrar of Cooperative Societies.
- (162) Report of the Royal Commission on The Cooperative Movement in Ceylon, op.cit., pp. 52-53.
- (163) Ibid., pp. 45-46, 174-75.
- (164) Report of the Registrar of Cooperative Societies, 1920-21.
- (165) Report of the Registrar of Cooperative Societies, 1927-28, p. 13.
- (166) Government of Ceylon, Sessional Paper No. XXIII of 1934.
- (167) Report of the Royal Commission on The Cooperative Movement in Ceylon, op.cit., p. 15.
- (168) Mr. P. Kanapathipillai, interviewed on 30.8.78.
- (169) Ibid.
- (170) Committee Members of Kumulamunai Cooperative Society on 19.9.78.
- (171) Mr. E. Subramaniam, interviewed on 5.9.78.
- (172) Four Graduate-Inspectors of Cooperative Societies, interviewed on 5.9.78.

- (173) Ibid.
- (174) Ibid.
- (175) Choldin, Harvey M., "The Development Project as a Natural Experiment: The Comilla, Pakistan Projects", Economic Development and Cultural Change, Vol. 17, No. 4, July 1969, pp. 483-500; Choldin, Harvey M., "An Organisational Analysis of Rural Development Projects at Comilla, East Pakistan", Economic Development and Cultural Change, Vol. 20, No. 4, July 1972, pp. 671 et seq., Raper, A.F. et al., Rural Development in Action: The Comprehensive Experiment at Comilla, East Pakistan, Cornell, New York, 1970.
- (176) The Cooperator, 1 November 1963, p. 1.
- (177) Aikkiya Theepam Annual, 1949. p. 31.
- (178) The Cooperator, 15 February 1969, p.1.

Chapter VII

EVALUATION OF THE COOPERATIVE MOVEMENT IN JAFFNA

In the development of the Cooperative Movement in Ceylon the Cooperative Credit Societies of Unlimited Liability formed its real backbone. In fact, as already seen in Chapter II (p.52), the Cooperative Credit Societies Ordinance No.7 of 1911 laid the first legal framework for cooperative development. As also shown in Chapter VI (p. 120 et seq), of the 315 cooperative societies registered by 1925/26, not less than 290 were credit societies of unlimited liability, and of these a good number were in Jaffna, which more than doubled in the next five years.

When Ceylon became independent in 1948, a strident and aggressive racial policy began to emerge among the majority Sinhalese. When the 'Sinhala Only' Act, declaring that "the Sinhala Language shall be the one official language of Ceylon"(179) was passed in 1956, not the slightest effort was made to temper the wind for the shorn Tamil lamb, and the entire Tamil community became frustrated, alienated and psychologically uprooted. Already the disenfranchisement of a large proportion of the Tamil speaking population in the plantations through the Citizenship Acts (180) had weakened the effectiveness of the Tamil voice in national affairs. By way of adding insult to injury, soon after the passing of the 'Sinhala Only' Act the Commission on Higher Education in 'Swabasha', chaired by Sir Arthur Wijeyawardene, produced a majority report (181) recommending that in the interests of equality of opportunity, provision for higher education should be made for at least 6 Sinhalese speaking students as against 1 Tamil speaking student. In fact, Lord Soulbury, Chairman of the Commission that framed the Constitution in 1948, regretted that,

"... in the light of later happenings - I now think it is a pity that the Commission did not also recommend the entrenchment in the Constitution of guarantees of fundamental rights, on the lines enacted in the Constitutions of India, Pakistan, Malaya, Nigeria and elsewhere" (182).

In his Report on The Tamils of Sri Lanka for the Minority Rights Group, Walter Schwarz observed that,

"The Tamil problem is a classic case of a minority emerging at a heavy disadvantage from the relative impartiality of a colonial regime to the hazards of electioneering and demagogic democracy - a head-count in which they must always lose" (183).

Governmental policy on the whole was aimed at subjugating all other interests, especially minority Tamil interests, for what was considered the good of the majority. The Cooperative Movement became a special target in this process. The Government intended to control the Movement.

The thin end of the wedge of governmental control first became evident with the hasty introduction of the multi-purpose scheme following the consumer drive of the 'fifties. In July 1957 the Hon. D.P.R. Gunawardene, Minister of Agriculture and Food, issued the following directive to the Cooperative Department,

"The re-organisation of the cooperative structure, I think, is essential not only for the healthy growth of the movement but even for its continued existence. The re-organisation I envisage is the replacement of the varied types of cooperative societies by a single multi-purpose cooperative in each village... The main function of the village cooperative will be credit, purchasing and sales. As soon as such a society is established in any village, the distribution of rationed food-stuffs, the purchase of commodities under the Guaranteed Price Scheme, and the grant of subsidies by Government for fertilisers etc., will be done only through such a cooperative and only to or from its members... In short, the multi-purpose society would embrace all aspects of the cooperative life of the village except cooperative production... I also do not propose to disturb the credit societies of unlimited liability which are functioning satisfactorily. Such societies, where they exist, will continue to function along with the village multi-purpose society which would itself be performing credit functions..." (184).

Apart from putting the small credit societies in an unenviable position, the Minister went on,

"I have set the Cooperative Department the target of establishing a multi-purpose cooperative society in each village within the course of the next three years. I appeal to the people and to all officers in the departments within my Ministry and outside it to contribute their share to the attainment of this target" (185).

It was evident that the Wisconsin-returned revolutionary who had spent his prime waiting for this hour did not mince words. The Ministerial decree was carried out so punctiliously that by 1958 there were 1,498 multi-purpose cooperative societies in the country, of which 607 were new creations and 891 conversions of existing societies.

Writing in 1966, H.S. Wanasinghe, a former Commissioner himself observed,

"The problem of Rural Credit still looms large. Increase of agricultural production lags behind due to the relative absence of timely input of production credit, production supplies and efficient marketing arrangements" (186).

He attributed this failure on the part of the new multi-purpose cooperatives to a number of reasons, the main ones being the large number of societies which were not economically viable, the predominant pre-occupation of these societies with consumer activities of an 'agency' nature, the comparative neglect of Membership Education and leadership training, and finally, the increased supervision of the state (187).

It was merely a question of time before all cooperative societies were converted into virtual state agencies. The Royal Commission was unequivocal in its criticism of the trend:

"Reviewing the history of the cooperative movement in Ceylon of the past sixty years brings into focus one fact above all: Government, acting in the earlier period as trustee and guardian, has ended up in the

firm control over what was intended to be a voluntary movement. This complete reversal of roles was brought about partly by forces and trends over which Government had little or no control, partly as a result of deliberate moves made by Government and its officials, and partly by the default of cooperators themselves. Cooperation has now become the handmaid of the State and cooperative societies are virtually agencies directed to carry out Government policy" (188).

The United National Party Government that appointed the Royal Commission in 1968 was content to ignore the Commission's report issued the following year, as it contained proposals for some form of regional autonomy in the matter of cooperative education and development, which could have proved politically embarrassing in what was the election year. As was feared, 1970 witnessed a change unprecedented in the country's parliamentary history. The United Front Government was swept into office with a massive mandate. The euphoria which followed was reflected in the Throne Speech of 14 June 1970. It pledged to make democracy a "living reality" by providing for genuine people's participation at all levels. There were pronouncements on the Cooperative Movement too:

"... the central wholesale trade in all imported essential commodities and in such local commodities as may be deemed necessary will be handled by various state and Cooperative Organisations.... Retail trade will be carried out through Ceylonese retail traders, Cooperative and State shops... The heavy and capital goods industries and other suitable basic industries will be state-owned. Other industries will be assigned to the cooperatives and to private enterprise....

.... Cottage industries and crafts and industrial workshops by cooperatives and by small industrialists will be fostered.

The Cooperative Movement will play a major role in the economy of the country especially in rural development. My Government will organise the cooperatives into larger and economically more viable units...." (189).

Proposals for re-organisation of the movement soon followed.

Without doubt, the Cooperative Movement in the whole country, including Jaffna, underwent radical change. The question of the independence of the movement was no longer the issue, with

political patronage on the ascendancy.

However, even in the re-organisation scheme of 1970 mention was made of the great service rendered by the Cooperative Credit Societies,

"Cooperatives are the only credit institutions available to the small cultivator. In the twenty years from 1947 to 1967 the Government has channelled Rs. 314.8 million to rural cultivators through C.A.P. & S. and Multi-purpose Cooperative Societies. Recoveries made by the Cooperative Societies during this period amounted to Rs. 236.2 million. The small credit societies have lent another Rs. 270 million out of their own resources and funds provided by the Cooperative Banks and the People's Bank. In 1968-69 Rs. 61.7 million was lent to cultivators by the M.P.C. Societies and the C.A.P. & S. societies, while the Credit Societies lent Rs. 20 million" (190).

In fact, The Cooperator which cited the above acknowledgement by the Government commented in its Editorial column,

"The above facts and figures in regard to the working of the Cooperative Credit Societies are so astounding and revealing as to warrant a full-scale reevaluation of their place in the proposed re-organisation scheme. As a matter of fact, the history of the Cooperative Credit Societies since the Second World War is a history of deliberate and wanton neglect by successive Governments... That they refused to die in the face of heavy odds, that they were able to lend as much as Rs. 270 million between 1947 and 1967 and Rs. 20 million in 1968-69 alone, whereas other credit organisations like the C.A.P. & S. and Multi-purpose Societies, with all the backing of the Governmental machinery, lent only Rs. 314.8 million from 1947 to 1967 and Rs. 61.7 million in 1968-69, shows the extent to which the small Credit Societies have been serving the small farmers who form the real backbone of Ceylon's economy. The time is indeed ripe to revitalise the Credit Societies" (191).

Of particular significance to the success of the Cooperative Movement in Jaffna were the two pioneer institutions, namely the Jaffna Cooperative Provincial Bank founded in 1929 and the Northern Division Cooperative Federation established in 1937. Educated leadership played a crucial role in the success of both these institutions - as shown in Chapter III (p.61 et seq) and Chapter IV (pp. 76-83) respectively.

Under the re-organisation scheme of 1970 all Cooperative Banks, including the Jaffna Cooperative Provincial Bank, were amalgamated as Branches of the People's Bank. As for the Northern Division Cooperative Federation, 1972 proved a decisive year both for it and the institutions it had helped to establish, when it became a branch of the National Cooperative Council of Sri Lanka. Today the five-storeyed building with the magnificent Veerasingam Hall, subjected to continuous bombardment by the army, stands as an irreparable wreckage embodying the shattered hopes and aspirations of the Jaffna Cooperators.

The Jaffna Cooperative Provincial Bank had been a symbol of financial strength, stability and integrity all through its existence. In it Jaffna had an institution born out of a cultural ethos that helped other institutions in the province. The success of the Jaffna-Malayalam Tobacco Cooperative Sales Society, examined in detail in Chapter VI (pp. 140-142), is a case in point. As Mr. R.C.S. Cooke, Assistant Commissioner of Cooperative Development, Jaffna, pointed out,

"The Bank which originally catered only to Cooperative Societies ventured to finance not only agricultural credit but also the short term requirements of Cooperative trading activities, viz. Consumers' Cooperatives and Unions, the Jaffna Malayalam Tobacco Cooperative Sales Society, etc." (192).

The working capital of the bank was composed of preference shares from the individual members and ordinary shares from member societies. The authorised capital was initially Rs. 55,000 made up of 550 shares of Rs. 100 each. It was later increased to Rs. 100,000 made up of 1000 shares of Rs. 100 each, and still later increased to an unlimited number of shares of Rs. 100 each.

The bank registered a loss during the first three years due to heavy costs of management and preliminary expenses involved,

but made steady progress subsequently as the figures for the first 25 years of its operation indicate, (193):

Table 10

1929	Loss of Rs.	1150
1930	" "	2861
1931	" "	390
1932	Profit "	2700
1933	" "	2817
1934	" "	5567
1935	" "	4646
1936	" "	6234
1937	" "	7474
1938	" "	7701
1939	" "	12893
1940	" "	13732
1941	" "	11683
1942	" "	8816
1943	" "	7014
1944	" "	7061
1945	" "	9141
1946	" "	15812
1947	" "	22614
1948	" "	24219
1949	" "	31762
1950	" "	41178
1951	" "	50573
1952	" "	44780
1953	" "	55661
1954	" "	52129

By 1954 the paid up capital had risen to Rs. 108,720 and the bank's reserves to Rs. 328,410. In the same year the bank held Rs. 5,704,137 in time, savings and demand deposits. "That the bank has been able", observed Mr. R.C.S. Cooke, Assistant Commissioner in 1954, "to serve as a balancing centre of the Cooperative Movement in the Northern Province is evident from the deposits held by it" (194).

The corresponding figures for the five years from 1963-1967 were (195):

Table 11

	<u>Paid up Capital</u>	<u>Reserves</u>	<u>Deposits</u>
	Rs.	Rs.	Rs.
1963	191,470	603,185	7,119,980
1964	191,470	581,706	9,073,608
1965	191,470	581,706	9,073,608
1966	191,495	625,133	11,345,788
1967	191,495	603,309	N.A.

As shown in Chapter III (pp. 61-64), the success of the Jaffna Cooperative Provincial Bank was mainly due to an educated and responsible leadership that was prepared to render honorary service. For example, following the Rev. A.A. Ward (April 1929 - December 1929) and the Rev. John Bicknell (December 1929-February 1931), in Gate Mudaliyar V. Ponnampalam and Mr. A.E. Clough the Bank had two key individuals who had returned from Malaya with rich experience and who were,

"largely responsible for carrying on the propaganda on behalf of the bank, both in Ceylon and in Malaya, with a view to attract deposits. Gate Mudaliyar V. Ponnampalam, who has been the President of the bank for the past 22 years, devoted his time and energy for the service of the bank. To him, this bank owes a deep debt of gratitude, for the manner in which he has helped to shape its destinies" (196).

Mr. W.K.H. Campbell, Ex-Registrar of Cooperative Societies summed up the reasons for the success of the bank as follows:

"Though Gate Mudaliyar V. Poonampalam, your President, has been kind enough to refer to my 'responsibility for the organisation of the Bank', I feel that, that is an over-statement of my contribution. Although with the very able assistance of Mr. J.A. Maybin (later Sir John Maybin, K.C.M.G., whose death as Governor of Northern Rhodesia was such a tragic loss to the cause of Cooperation and to colonial administration generally) I did what I could to encourage and advise a group of enthusiasts in what was then a form of Cooperation new to Ceylon, nothing which either or both of us could have done would have produced any results without the genuine and enlightened enthusiasm of those with whom we were working. The Jaffna district had already won for itself a distinguished position in the island's movement, and it is fitting that the seal should be set on its achievement by the formation of the first Central Bank" (197).

The most important observation was made by the Bank's long-serving President himself, Gate Mudaliyar V. Ponnampalam, who wrote in his foreword to the Silver Jubilee Souvenir in 1954:

"This Bank is regarded as the corner stone of economic progress in the North" (198).

Touching on the most important difference, however, between a

Commercial Bank and a Cooperative Bank, he went on to observe,

"Everywhere soaring profits seem to have been the order of the day, but our profits have not soared because we have always adhered to the traditional restraint on profit making.

Our real purpose is to serve the country by contributing to the financial needs of the Province in providing credit facilities for both agricultural and industrial undertakings. This has been proved by the fact that the present turnover has steadily risen to well over sixty-one million rupees..." (199).

In sharp contrast to the Jaffna Cooperative Provincial Bank was the Northern Division Cooperative Federation, which was essentially a supervisory institution at the tertiary level, whose main objects at the time of its establishment in 1937 were to:

- "(1) determine, collect, administer and account for sums of money contributed in accordance with the provisions of the rules in force under the Act;
- (2) to arrange for the supervision and audit of cooperative societies;
- (3) to provide for educational assistance to be given to members and employees of such societies; and
- (4) to take other measures designed to improve or assist the work and extend the usefulness of Cooperative Societies, and generally to propagate the proper understanding of cooperation" (200).

The audit and supervision of Cooperative Societies in the Northern and Eastern Provinces were prior to 1952, the principal functions of the Federation. It had its own staff of Sub-inspectors who were paid out of an audit levy collected from members, subsidised by the Government. Beginning from 1953 the Department of Cooperative Development took over the functions of auditing, and the audit staff of the Federation were thus absorbed by the Department. After 1952, the Northern Division Cooperative Federation concentrated more on its educational activities. Its policy and general approach to education were examined in Chapter IV (pp. 79-83) and an evaluation of the Federation's educational activities was undertaken in Chapter VI.

It is difficult to measure in tangible terms the success or failure of an educational cum ideological organisation such as the Northern Division Cooperative Federation, as in the case of a bank or a cooperative society engaged in production or marketing activities. Some measure of judgement is possible, however, using some criteria by which to evaluate success as against evidence from the field as is available.

In Chapter I (pp. 41 and 42), some criteria were identified as basic components of a comprehensive programme of education, namely to teach farmers,

- (a) how to use credit to increase their output;
- (b) how to reinvest their profits to take advantage of a market economy;
- (c) how to pool their resources;
- (d) how to avoid indebtedness and exploitation;
- (e) how to overcome inertia, apathy and deeply held beliefs, etc. and finally,
- (f) to accept that credit was simply a debt which had to be re-paid.

The extent to which the policies and activities of the Northern Division Cooperative Federation had any effect on the performance of the average farmer can be gauged by a detailed analysis of the figures for Cooperative Credit Societies of Unlimited Liability on a district basis, just before the larger Multi-purpose Cooperative Societies gradually took over credit functions beginning from 1957. The Table at Appendix I gives a detailed breakdown on a district basis for the year 1956.

As the figures show, Jaffna had the largest number of societies in relation to its total area, averaging 2 sq.miles per society, with an average membership of 31. The smaller the area

of operation of a society, there is greater scope for intensive education and supervision as well as for mutual trust, knowledge and understanding between members. In fact, the success of the Raiffeisen model of a cooperative society, with its principle of unlimited liability, depended very much on the smallness of its size and area of operation which guaranteed mutual trust and supervision.

The performance of individual members is however the crucial factor in assessing the overall performance of a cooperative society. To use the criteria identified in Chapter I, and listed under (a) to (f) above, in relation to the Table at Appendix I:

- (a) Did the farmers know how to use credit to increase their output?

The answer has to be 'yes', since they borrowed Rs. 128 on average, and the very fact that more than 86 per cent of the debt was repaid is proof enough that they had harvested and marketed sufficient paddy as to be able to repay the loan. If one looks at Polonaruwa District by way of comparison, members borrowed on average Rs. 138, but 42.6 per cent of the loans were still outstanding.

- (b) Did they know how to re-invest their profits to take advantage of a market economy?

Member deposits are an indication of the fact that they are prepared to save in order to invest for the exigencies of a future market. The individual deposits, built up over time give financial stability to the cooperative society for it to be able to borrow more from the bank to meet the needs of its members. As the figures indicate, Jaffna had the highest deposits, in total as well as average.

(c) and Did they know how to pool their resources to avoid
(d) indebtedness and exploitation?

Certainly they did. The amount of reserves held by a society go to show that there is a loyal membership prepared to identify themselves with its basic philosophy and aims by helping it to earn greater profits, so that the society can invest part of its profits as reserves which would provide the much needed viability for it to operate on behalf of its members, with the long-term view of ending their indebtedness and exploitation. Again, as the figures show, Jaffna had the highest amount held as reserves, both in terms of total and average.

(e) and Did they learn how to overcome their inertia, apathy
(f) and deeply held beliefs, and accept that credit was simply a debt which had to be repaid?

The answer is 'partly yes'. Certainly there is no indication of any inertia or apathy on the part of the members, but on the contrary, a marked sign of awareness of, and alertness to real facts and situations of economic life. There are definite signs of intelligent action and a sense of dedication to their task. There is also an acceptance that debts had to be repaid. One cannot be so sure of deeply held beliefs though, since many such beliefs are not generally amenable to reason. The writer of the thesis is well aware of some beliefs commonly held by people, like, for example, the belief that certain deities haunt particular trees or certain parts of a field, thereby making a path or part of the field inaccessible to them; or the belief that no financial (or any other major) transaction should be entered into on particular days that are considered inauspicious.

Deeply held beliefs are difficult to eradicate - it has been found by the writer that even many of those who have moved

away from traditional societies into new societies and environment, tend to cling on to their beliefs, although they themselves accept that they can offer no rationally acceptable reason or justification for it. Education has been found to be an effective instrument in tackling the most deeply held beliefs and practices but only over a long period of time.

The Registrar, S.C. Fernando's letter at Appendix 2 confirms that the Cooperative Credit Movement was already well established in Jaffna by the early 'fifties. The success achieved in Jaffna was, in addition to the smallness of size and area of operation of the Cooperative Credit Society which contributed to it, mainly the result of intensive education, both formal and informal, as well as effective supervision undertaken by the Northern Division Cooperative Federation, although financial backing by the Jaffna Cooperative Provincial Bank was also a major contributory factor as Mr. Fernando's letter at Appendix 2 indicated. As already pointed out, the Federation had its own staff of Sub-inspectors who were paid out of an audit levy from member societies to carry out the tasks of education and supervision. They were helped by Honorary Supervisors specially recruited from among member societies for their distinguished service, although unofficial leaders were continuously engaged in informal education of members of Cooperative Societies.

The following chart gives some indication of the activities of the Northern Division Cooperative Federation in the areas of education and supervision through its Sub-inspectors (201):

Chart 2

<u>Year</u>	<u>Membership</u>	<u>Sub-Inspectors</u>	<u>Audit Levy</u> <u>Rs.</u>	<u>Government</u> <u>Subsidy</u> <u>Rs.</u>
1938	212	4	2,148.47	900.00
1939	292	5	5,548.27	666.00
1940	321	5	4,984.74	1,000.00
1941	367	6	5,695.67	1,000.00
1942	394	6	5,776.96	4,550.00
1943	451	16	6,564.56	10,000.00
1944	518	111	8,937.16	23,000.00
1945	646	169	8,819.85	48,575.95
1946	928	179	9,992.85	63,020.15
1947	955	157	23,227.00	171,396.00
1948	728	103	50,098.00	208,836.00
1949	734	112	59,035.65	197,996.29
1950	762	111	38,654.12	200,176.76

1943 witnessed the growth of consumer cooperative societies in the country. The activities of the Federation which until then had been mainly concerned with the credit societies had to be widened in order to facilitate the working of stores societies. As the gradual increase of the audit levies and government subsidies show greater responsibility began to devolve on the Federation. Another significant development which is reflected in the membership figures was that in 1946 the Eastern Province formed its own Provincial Union in Batticaloa.

Intensive education and supervision in Jaffna was also made possible by the division of the district into two administrative areas for purposes of cooperative development, namely Jaffna West and Jaffna East, (and later) Jaffna South.

As shown in Chapter VI (pp. 94-95) the staff of the Northern Division Cooperative Federation were given adequate training in the organisation of Cooperative Credit Societies and

in education of their members and office-bearers. For example, it was shown how all the main aspects involved in the organisation and subsequent development of these cooperatives were covered in detail in the training programmes, which were then supplemented by seminars and refresher courses aimed at members and officers as necessary.

The emphasis laid on functional literacy in the educational programmes was also mentioned (Chapter IV, pp. 80-81). One of the Cooperative Societies the writer of the thesis visited was the Kumulamunai Cooperative Credit (later Multi-purpose) Society in the Vavuniya District. The interview carried out with the Committee Members of the Society was reported in Chapter VI (pp. 127-28). The main points that came out of the interview were that,

- (a) although the Society made on average an annual profit of Rs.1000 to Rs. 1500 on paddy sales alone, there had never been a single default or reference to arbitration; and
- (b) neither the President nor the Secretary nor any of the founder members had received any formal education as such, but the informal education they had received, chiefly through their association with the Northern Division Cooperative Federation had stood them in good stead.

Similar evidence about the value of informal education came from the writer's interview with Mr. E. Subramaniam (pp.129-132). It emerged that both Mr. Seyul Abdeen and Mr. Thiruchelvam, pioneer cooperators in the Mannar District, were 'uneducated', in the sense that they had not been to any school at any time. But they were not only literate and numerate, but had the capacity too to manage large organisations and provide sound leadership. Mr. Subramaniam also referred to the contribution made by the Northern

Division Cooperative Federation to the development of the Cooperative Movement in Mannar, and said that both Mannar and Vavuniya Districts continued to maintain their ties with the Northern Division Cooperative Federation, because leaders like Seyul Abdeen and Thiruchelvam recognised the fact that they owed a great deal to the informal education, or functional literacy in contemporary parlance, they received, especially through their association with the Federation and its leaders and their regular participation in the Federation's Annual Congresses.

In all three cases cited above, namely,

- (1) the performance of the small farmers in the Cooperative Credit Societies in Jaffna;
- (2) the efficiency and integrity shown by the Committee Members of a Cooperative Credit (later Multi-purpose) Society in the Vavuniya District; and
- (3) the successful performance of two cooperative leaders in the Mannar District,

what comes out clearly is that the educational policies and programmes of the Northern Division Cooperative Federation were successful to a great degree in imparting specific skills for specific purposes in order to achieve greater productivity and efficiency through cooperative action. As the Report of the International Cooperative Alliance on Functional Literacy and Cooperatives pointed out,

"One of the most deeply felt needs at the level of primary cooperatives in developing countries is for more wide-spread literacy, not as an abstract concept but as a working tool to enable cooperatives members to improve their social and economic conditions.....

However, it is well known that traditional methods of teaching literacy (including numeracy) have, by and large, proved to be ineffective in the Third World, particularly when used with adults. This was recognised by the

UNESCO Conference of Ministers of Education in 1965 and the conclusions of that meeting laid considerable stress on 'functional literacy'.... suffice it to say that linking the acquisition of literacy skills to the specific economic and social needs of particular groups of people can provide a strong enough motivation for considerable progress to be made" (202).

However, the Reorganisation Scheme sounded the death knell of the Cooperative Movement in the whole country, particularly in Jaffna, where massive strides had been taken already. Apart from the Cooperative Credit Societies and their supervisory institutions, a number of other pioneering institutions had been established in Jaffna, mainly as a direct consequence of the encouragement and impetus given by the Jaffna Cooperative Provincial Bank and the Northern Division Cooperative Federation. Other than the Jaffna-Malayalam Tobacco Cooperative Sales Society already mentioned in this Chapter, the most successful of them were the Moolai Cooperative Hospital Society (1936), the Northern Division Agricultural Producers Cooperative Union (1942), the Northern Province Fishermen's Cooperative Union (1959) and the Jaffna District Cooperative Harbour Services Union (1963). The diagram at Appendix 5 gives a bird's eye view of the cooperative institutions in the North by 1970.

Mention was made in the Introduction to this thesis (p.6) about the unique services rendered by the Moolai Cooperative Hospital and the tributes paid to it by the Royal Commission on the Cooperative Movement in Ceylon.

The idea of a Cooperative Hospital was born of a genuine need for medical services, at a time when hospitals had not been established in all parts of the country. As a result, the residents of the villages of Tholpuram and Moolai had to travel a distance of about ten miles to the nearest hospital in Jaffna. By 1949 the Moolai Cooperative Hospital had 59 employees, including

three medical officers and eight apothecaries (203). "Today Moolai Hospital Society has a membership of nearly 3000," observed the Royal Commission,"a paid staff of 122 which includes 5 doctors, 10 apothecaries and 42 nurses, buildings standing on 5 acres of land and costing over Rs. 700,000, and beds for 140 patients. In 1968 it had provided out-door treatment to 15,375 patients and indoor treatment to nearly 5000.." (204).

The Northern Division Agricultural Producers Cooperative Union began by marketing the agricultural produce of its affiliated societies and functioning as the agent of the Marketing Department under the Guaranteed Price Scheme which came into operation in 1948. Gradually, it undertook the supply of agricultural implements, weedicides and pesticides, and also the dissemination of agricultural know-how to its member-societies. It was largely instrumental in bringing about a near self-sufficiency in red onions and protecting the small agricultural producer. Its most potent contribution was without doubt the transfer of technology to the conservative farmers of Jaffna.

The Northern Province Fishermen's Cooperative Societies Union, the first of its kind in Sri Lanka, was registered in 1959 for the purpose of facilitating the supply of fishing gear to its member societies. In addition, like its predecessor the Jaffna-Malayalam Tobacco Cooperative Sales Society, it helped member societies by making advance payments on the produce surrendered to it, recovered only when the real value was realised on exports - mainly of beche-de-mer, conch-shells and sharkfins, thereby earning valuable foreign exchange. The Table at Appendix 4 gives a breakdown of the exports handled by the Union between 1962 and 1971.

The Jaffna District Cooperative Harbour Services Union was registered in 1963. It had a membership of 14 societies and

engaged in activities such as stevedoring, lighterage, and landing at the Northern ports. The Union succeeded in harnessing all types of labour through its member societies, thus ensuring regular supplies of goods and services to the community at large.

It was shown in Chapter VI (pp. 139-143) how the work undertaken by these special types of cooperative institutions in Jaffna compared favourably with the widely acclaimed success in Comilla, East Pakistan (now Bangladesh).

Mr. S. Candiah, veteran Cooperator and long-serving Secretary of the Northern Division Cooperative Federation, wrote to the Select Committee on Reorganisation, in his capacity as President of the Jaffna Branch of the National Cooperative Council as follows,

"At present the movement is composed of a few types of Cooperative Societies registered under the Cooperative Societies Law No.5 of 1972. The Multi-purpose Cooperative Societies, the Fishermen's Cooperative Societies and the Palm Products Cooperative Societies are primary societies and are fairly large Societies operating for areas as large as the electorate or for half of the area of an electorate. Textile Weavers' Primary Societies have the district as their area of operation. There is a Union of Fishermen's Societies and a Union of Harbour Workers' Societies at the District level. The Cooperative Credit Societies of the Raiffeisen type, once the backbone of the Movement, are now languishing for want of supervision and guidance.... as their function is overlapped in a big way by the Multi-purpose Cooperative Societies. Many Credit Societies have been liquidated or are defunct. There is only one Agricultural Society, namely The Neervely Plantain Sales Society, which is also languishing. The Northern Division Agricultural Producers' Cooperative Union which functioned at the District Level for the marketing of Agricultural Produce and the supply of inputs had been amalgamated with a glorified Primary Society at the national level called the Cooperative Marketing Federation; the name itself is a misnomer. The private sector traders have taken upon themselves the role played by the N.D.A.P.C. Union. The Multi-purpose Cooperative Societies now loom large as they are under the clutches of politicians and politics. There is no organic build-up in the Movement culminating at an apex Society at the all-Island level. The National Cooperative Council at the National Level is a Union of

Societies purporting to serve the whole Island for the promotion of Cooperative education and other ideological purposes. Organically there is no coordination of the different types of Societies either at the District Level or at the National Level. I can say the movement is in shambles disconnected at all levels. The law including the by-laws governing Cooperative Societies have been modified to permit political interference, to water away the spirit of the Movement, to tighten the control by the Department to the point of eroding the democratic rights of the people and to allow the Societies as pawns in the hands of politicians. Consequently the finances of the Societies have been frittered away for purposes other than for the fulfilment of the objects of the Society and the Societies are top-heavy as unwanted labour has been added to the normal quota approved and required. The finances of many Multi-purpose Cooperative Societies are at a very low ebb even after working for seven years in a monopolistic system which is alien to the Cooperative Principles. The emergency regulations were used to merge the Cooperative Banks in the People's Bank. The Cooperators protested and the Department had the distinction of disregarding the voice of the Cooperators. Thus the Cooperatives were deprived of their own financing institutions. The People's Bank is not identical with Cooperative Banks in regard to objects and management" (205).

The writer of the thesis knows from personal experience that Mr. Candiah represents the true voice of grass-roots opinion of the Cooperative Movement in Jaffna. As a distinguished educationist and cooperator, Mr. Candiah commands great respect in the cooperative community throughout the country for his intellectual honesty, integrity and sincerity of purpose. He is always forthright in his views, and it is the writer's opinion that no other person could have presented a more honest version of events following the so-called 'Re-organisation'. When Mr. Candiah says the Movement is in shambles, it is indeed in shambles.

If Jaffna is to develop from its present stage, its men and women must be made to become effective contributors to economic and social life once again. In it is envisaged, in the first place, a decentralised Cooperative Movement. It also presupposes the need for the Cooperative Movement to adapt itself to the changed conditions in the region, mainly by ~~reassessing~~ reassessing its priorities in

the light of the pressing needs of the moment, like resettlement, rehabilitation, creative employment, etc. It calls for a concerted plan for community development with special emphasis on cottage, handicraft and small-scale industries, without any prejudice at all to agricultural development which would still continue to be the corner-stone of the entire edifice.

Bert F. Hoselitz speaks of "environmental conditions" for economic growth which "must be sought chiefly in non-economic aspects of the society", since "economic growth is a process which affects not only purely economic relations but the entire social, political, and cultural fabric of a society" (206).

For example, provision of irrigation facilities and encouragement of cooperatives for sugar production were two of the strategies adopted for agricultural development in Maharashtra (India), following the recommendations of the Famine Commission (1901) and the Irrigation Commission (1903). The two dominant social groups in Maharashtra responded differently to the new economic opportunities that opened up. The different responses were not only the result of different material conditions as between the two groups, but also how the groups perceived themselves and their interests in the light of their own values and attitudes.

The Malis were the first to see the benefits that the irrigation canals would bring them. In this they were helped by their favourable resources and attitudes - they had the necessary skills and experience in irrigation farming, access to capital, capacity and willingness to change over from subsistence to commercial farming, and the readiness to migrate if necessary. The Marathas and other groups were reluctant and slow in adapting to the changes that the provision of irrigation facilities entailed. They were content to give their lands to the Malis on a low rent,

and the poor among them were even prepared to work as labourers on the farms cultivated by the Malis.

In the development of cooperative sugar factories and other cooperative enterprises the Marathas, the dominant caste group in Maharashtra, were more enthusiastic than the Malis and other minority groups. The Marathas perceived that the cooperatives would strengthen their position vis-a-vis the other groups, whereas the Malis and others were apprehensive of the effect cooperatives would have on the relative balance of power among the different caste groups.

Exploitation of new opportunities was, in the study cited above (207), influenced partly by cultural factors and partly by perception of self-interest by different groups.

Development thus needs to be viewed as a delicate educational process needing a proper and cautious approach. Hence the need for a community school to train the right kind of men and women to usher in the process of development. A welfare programme aimed at changing the life of a people cannot continue to depend on ad hoc and ill-trained workers deemed adequate for a night-watchman state.

The emphasis, in the final analysis, is on human resources and the quality of education. Indeed the ICA Commission on Cooperative Principles had this to say about education in the cooperative context,

"For the purposes of cooperation education needs to be defined in a very broad sense which includes academic education of more than one kind but much besides. It includes both what people learn and how they learn it. Every phase of experience, which adds to people's knowledge, develops their faculties and skill, widens their outlook, trains them to work harmoniously and effectively with their fellows and inspires them to fulfil their responsibilities as men or women and citizens, can have educational significance for Cooperation. Less and less

in the contemporary world can education be limited to what is learnt in schools and colleges at special periods of people's lives. The Cooperative concept is of education as a life-long process" (208).

With the intellectual tradition very much alive and the rich expertise of many expatriates anxious to return to Jaffna when conditions become more favourable, an institution that would greatly help emergent Jaffna appears to be one akin to the Danish Folk High School: to nerve its people's arms and serve as a focal point for community education and development. With maturity it should be in a position to give the necessary impetus to initiate a fundamental revolution of ideas aimed at creating an egalitarian society through genuine community participation at all levels.

As the Royal Commission hoped,

"It will be a quiet revolution, but it must be radical in character and carried out as swiftly as possible. Its motto will be: Productivity, Efficiency and Social Justice. It will eliminate waste, stamp out corruption, and cut away the parasites that feed on legitimate trade and commerce. It will reward honest labour with a living wage and be fair to both producer and consumer. It will reduce the wasteful use of manpower and put the stamp of honour and dignity on all whose toil, no matter how lowly, produces the goods and services of the nation. It will have a low regard for any privilege or rank which does not spring from honest effort and personal worth" (209).

The Commission went on to warn,

"Such a revolution will never be ushered in by those who are embedded in old ways, bureaucratic traditions and conformity to an establishment, but only by those who have caught the vision of an economic system whose foundation is human brotherhood and whose goal is the good and abundant life for all mankind" (210).

There is, in addition, an element of commitment called for, especially in the context of the recent history of Jaffna, on the part of everyone involved in the development process, whatever one's role, to banish all prejudices arising from past experiences,

and devote single-mindedly to the task ahead. Ultimately, it is population quality and knowledge that matter - it was the central thrust of Theodore Schultz's Nobel Lecture (211) in 1979.

Before Jaffna lies a road of honest toil and great sacrifice, but the goal of re-building a proud and precious homeland is worth any price.

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CREDIT SOCIETIES OF UNLIMITED LIABILITY, 1956

District	No. of Societies	No. of Members	Average Membership Per Society	Total Area (Sq.Miles)	Area Per Society (Sq.Miles)	Total Rural Population	Population Per Society
Jaffna	487	14930	31	964	2	415166	852
Vavuniya	126	3224	26	1432	11.3	35119	279
Mannar	68	1797	26	957	14	43711	643
Trincomalee	205	14882	72	1011	5	56272	275
Batticaloa	311	6993	22	2702	8.7	253449	815
Anuradhapura	115	4436	39)	3978	16.2	210743	860
Polonnaruwa	130	4090	31)				
Puttalam, Chilaw	39	1272	33	1149	29.5	207299	5315
Kurunagalle	333	12767	39	1842	5.5	605750	1819
Matale	111	2978	27	902	8.1	183861	1656
Kandy	195	5968	31	913	4.7	753827	3866
NuwaraEliya	85	2273	27	474	5.6	288781	3397
Badulla	153	4173	27)				
Bibile	79	3056	39)	3275	14.1	446340	1924
Kegalle	153	4966	32	642	4.2	464988	3039
Ratnapura	122	3567	29	1250	10.2	401839	3294
Gampaha	126	4730	38)	792	2.8	1001765	3515
Colombo	159	6953	43)				
Kaluturu	146	5585	38	620	4.2	465886	3191
Galle	165	6159	37	646	3.9	457954	2775
Matara	44	1890	43	481	11	373408	8487
Hambantota	63	1993	32	1001	16	180588	2866
Total	3415	118682					

/ Continued...

District	Reserves (Total and Average) Rs.	Members' Deposits (Total and Average) Rs.	Loans Issued (Total and Average)	Overdues %
Jaffna	691756 (46)	545583 (36.50)	1904614 (128)	13.9
Vavuniya	87575 (27)	60842 (18.75)	191281 (59)	12.4
Mannar	45518 (25)	34440 (19)	128244 (71)	26.5
Trincomalee	40934 (2.75)	358617 (24)	524868 (35)	19.1
Batticaloa	89469 (12.75)	212557 (30)	374380 (55)	52.3
Anuradhapura	20086 (4.50)	14253 (3)	123858 (28)	50.7
Polonaruwa	42573 (10)	69816 (17)	565200 (138)	42.6
Puttalam Chilaw	29627 (23)	20738 (16)	72280 (57)	25.2
Kurunayalle	342918 (26.75)	349365 (27)	1039900 (81)	15.5
Matale	56836 (19)	37839 (12.75)	112205 (38)	46.8
Kandy	179324 (30)	131293 (22)	303181 (51)	39
NuwaraEliya	50929 (22)	40363 (17.75)	110629 (49)	41.2
Badulla	79653 (19)	72938 (17.50)	538797 (129)	25.4
Bibile	9032 (2.75)	12032 (4)	170413 (56)	22.4
Kegalle	93467 (18.75)	127602 (25.50)	2785 (0.56)	21.5
Ratnapura	33329 (9)	38537 (10.75)	107861 (30)	23.4
Grampaha	135278 (28)	131688 (27.75)	444876 (93)	14.1
Colombo	266938 (38)	187531 (27)	590165 (85)	10.8
Kalutura	146433 (26)	137860 (24.50)	342653 (61)	25
Galle	107145 (17)	145512 (23.50)	428506 (69)	12.5
Matara	26277 (13.75)	29905 (15.75)	90313 (48)	17.9
Hambantota	23403 (11.75)	12718 (6)	129950 (65)	17.4

Source: (a) Administration Report (1956) of the Registrar of Cooperative Societies
(b) 1953 Census

London 1st August 1937

To the President Northern Provinces Co-operative Federation, Jaffna.

Dear Mr Verceingham,

I much regret my inability to attend in person your annual Conference on the 7th, a visit to which we all have regarded as a pilgrimage to the Co-operative North from official Colombo. I come, fresh from the International Conference at Oxford, which is just over, I join with you in spirit newly inspired by what I have seen and heard there.

Jaffna came very much to my thoughts more than once.

When Sir Malcolm Darling, ex-Registrar of the Punjab, reiterated his faith in the humble Thrift and Credit Society as the integral foundation of the Co-operative Movement, and deplored the tendency to multipurpose mix-up in other countries with what ^{should be} ~~were~~ purely banking functions thought-of your old societies. When Prof. A.W. Ashby of the Institute of Agricultural Economics, Oxford, said the world would look increasingly towards agricultural co-operatives for the solving of its food problem, and added that Finance would be the key to development in the critical years ahead, again I thought of Jaffna. Finally, when the Conference as a whole stressed the supreme importance of attracting sound unofficial personnel to its Movement if it was to be viable, I thought naturally of your own example and that of the many able unsparables around you.

I would conclude by conveying to you and your Conference that struck me as the most ~~precious~~ ^{memorable} remark ^{made} by any delegate at Oxford last week viz that of Prof Ashby when he said in praise of the Co-operative movement that the best hope for mankind and the truest test of democracy was not the mere setting up of Parliamentary institutions, which themselves could be subverted to totalitarianism, but the ability of the Common ^{unhindered} man, to create and maintain locally his own social, political and economic institutions; of these the coop Society, whatever its type, was a precious example.

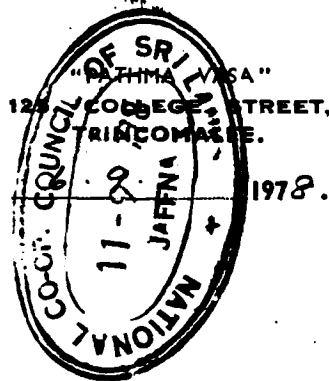
Yours very sincerely

SC Jemants. Registrar on leave

Muhandiram C. Muttucumaru

Telephone: 388

The President
National Co-op. Council
Jaffna.



Dear Sir,

Your letter of 31/8 received
2/9. I have already written to
Mr. Paramothayam that he can
meet me any day convenient.
As I am sick and advised
rest, I will be at home.

I don't know whether
he will be able to get the
necessary particulars, in view
of limited personnel interested
in advancement of co-operation

Seen

Yours in service
Muttucumaru

Pl show this
to Mr P.

27
7
11/9/78

PARTICULARS OF EXPORTS HANDLED BY THE NORTHERN
PROVINCE FISHERMEN'S COOPERATIVE SOCIETIES UNION LTD.

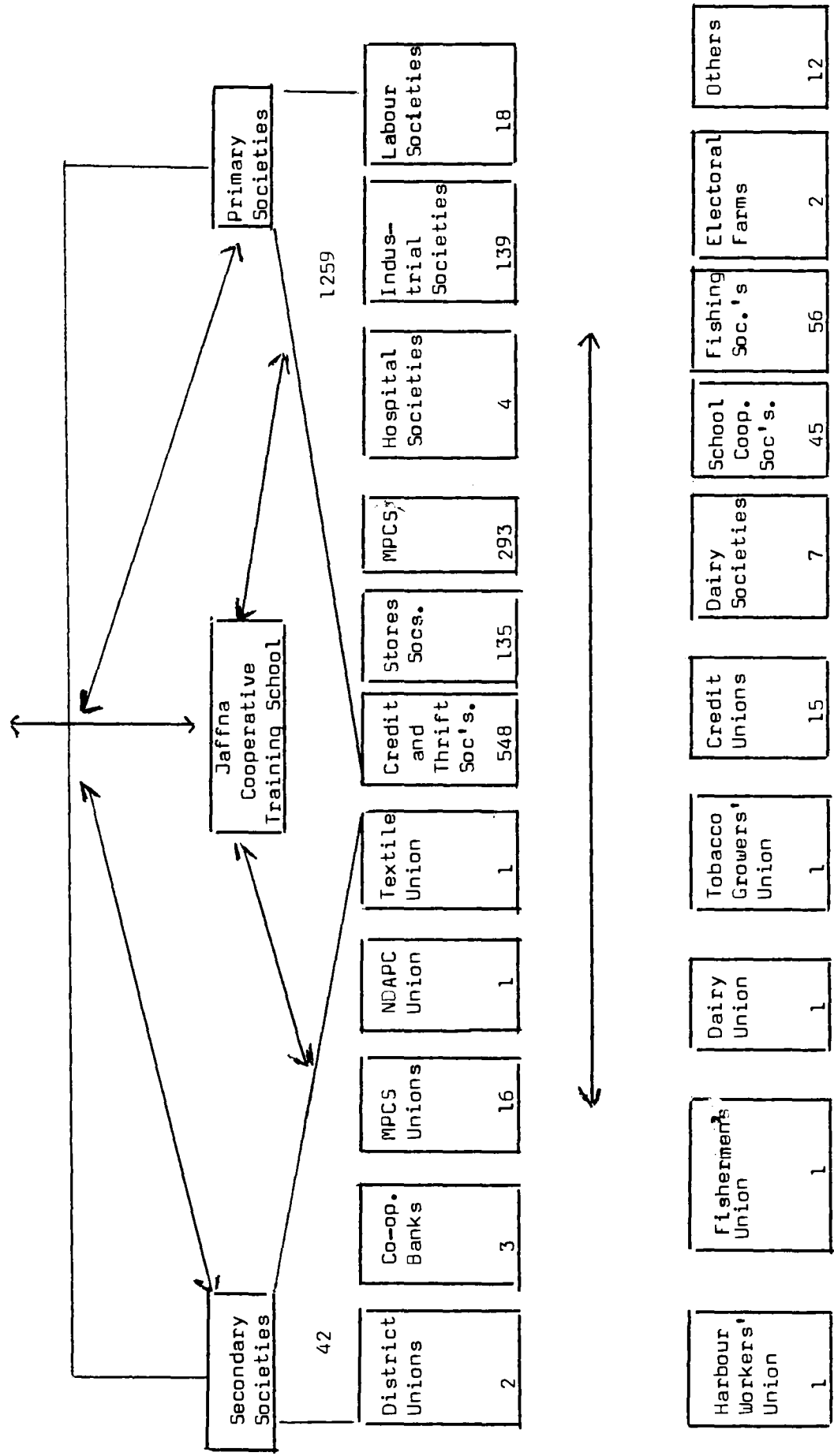
Year	Beche-de-mer		Total Sale Proceeds Rupees	Total FEECS* received Rupees
	Total Weights cwt.	lbs		
1962	628	98	96,715-38	
1963	403	04	45,211-69	
1964	981	62	1,29,011-89	
1965	2170	05	4,00,456-02	
1966	2298	30	3,77,187-49	
1967	1777	25	2,74,703-74	
1968	1192	10	2,97,678-30	
1969	2129	92	6,89,861-91	
1970	1884	83	7,08,796-69	3,42,791-35
1971	2003	38	8,43,792-94	3,77,516-56
	<u>15469</u>	<u>47</u>	<u>38,63,416-05</u>	<u>4,50,413-17</u>
				<u>11,70,721-08</u>
<u>CHANKS (Conch-Shells)</u>				
1967	100	00	16,355-68	
1968	291	36	67,096-87	
1969	537	34	1,24,202-93	60,250-85
1970	1037	78	2,17,780-54	1,16,886-10
1971	250	00	22,743-78	11,992-20
	<u>2216</u>	<u>36</u>	<u>4,48,179-80</u>	<u>1,89,129-15</u>
<u>SHARKFINS</u>				
1967	8	54	3,403-00	
1968	8	104	4,044-53	
1969	103	69	91,527-04	48,235-72
1970	33	17	35,627-58	19,374-30
	<u>154</u>	<u>20</u>	<u>134,602-15</u>	<u>67,610-02</u>

Source: Northern Province Fishermen's Cooperative Societies Union

*FEECS = Foreign Exchange Entitlement Certificate

STRUCTURE OF THE NORTHERN COOPERATIVE MOVEMENT 1970

NORTHERN DIVISION COOPERATIVE FEDERATION



Source: N.D.C.F., Jaffna