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MR. HENRY W. WOLFF ON MADRAS CO-OPERATION.

Mr. H. W. Wolff writes under date 6th May 1916, to the Dewan Bahadur L. D. Swamikannu Pillai, Registrar of Co-operative Societies, Madras:—

Thank you very much for your last Annual Report, which I have read through with the keenest interest. It is one of the most interesting reports that I have yet received, and I congratulate you upon the progress made in trying times and on the judgment which you are showing. Evidently, we are now getting on in India. We have done with first principles and are forging ahead.

Of course, we cannot be otherwise than pleased with the advance made in material strength, the addition to reserve fund and the dwindling of the proportion of State aid. You have had a bad spell in the matter of repayments. But that is easily accounted for, and such things will happen when there are compelling external causes. The one thing is to keep the adverse movement as well under control as can be. Because, after all, punctuality is the real soul of this kind of business. Dry branches ought also to be lopped off as they have been by you. Banks that cannot get under way and do business are no good.

What gratifies me is your zeal for supervision. That is an urgent essential. You may be aware that, as an ultimate arrangement, I am not favourable to supervision being carried out by a District Bank, but wish the primary banks eventually to form the supervising unions, with only their own interest at heart. The District Bank will be the king of itself as actual or potential creditor, or else keep the local banks in tutelage. But for the moment and for a considerable time to come, that is in India an impossibility, and supervision by the District Bank constitutes the best substitute. That bank is more likely to command the services of competent officers for the purpose. The manner in which payment for the services of supervision is provided for is at present really in the main a matter of what will best "go down" with the banks. Eventually, the payment of a fixed fee by every inspected bank seems to me the fairest way. But that is, eventually.

You are lucky in having the shareholders in Chingleput so reasonable. Of course in the end the Central Bank ought to become the Bank of the local Banks. But people who have their own money in the thing do not always take the same long view.

I agree with you in your view of the guaranteeing unions, which I must confess, I do not take. There are other means for linking forces together.

The Committee is mistaken in supposing that in Germany co-operative societies lending on mortgage security is on the increase and it is a dangerous proposition to assume that whatever is done "in Germany" is therefore right. There is a great deal done in Germany that is distinctly wrong and judged as wrong by the most competent German judges. Wherever in Germany mortgage credit is on the increase, it is so *inspite* of a settled aversion to favouring it. You must see—mortgage credit locks up capital and deprives it of all fluidity and, once more, it is subject to depreciations such as have in Europe ruined many banks. That danger may not appear imminent in India; but who is to say that it does not exist? In principle, the Committee is quite right. The security pledged should be personal, with the mortgage security, if there is such standing only second or collateral. However, you are operating on new ground, amid a tissue of long-settled habits and prejudices of the determining conditions of which I know nothing at all, and can accordingly not judge. If for land, you must have security, and you must take security in the shape which best fits in with the habits of the people, only taking care that the security is real, and that you run no risk of feeding your bank all mortgages and no money. You are still in an early stage of the movement and with proper care, may gradually train your people to more orthodox ways.

The point touched upon in paragraph 45 is a ticklish one. So long as you have effective power of calling in a loan not laid out according to bargain, I rather prefer the practice of fixing the time definitely from the outset. That is part of the bargain. The borrower is to have the money for as long as he will require it for a certain purpose, the *panch* having approved of such time. That makes everything definite and clear. It is fair both ways. Renewals should be exceptional, called for by special unforeseen causes.

I am not surprised at the failure of success of the *Dharmagolas*. I do not know that they are likely to prove useful. The further we advance, the more pronounced does the rule of *money* become.

The "Agricultural Societies" instanced by you on page 39 are interesting as pioneer attempts. But the matter will have to assume larger proportions and become better linked together before there can be real benefit from it. However, we must advance step by step. There is untold prosperity in store for India by such co-operation.

I hope you will pardon me for giving you my own opinion so freely. I can assure you it is done with the best intentions. India is doing valiantly in this matter and keeping the movement sound and on right lines. Those actually engaged in the work are sure to meet with their proper reward in the shape of ample good done.

DEPOSITS IN HOME-SAFES.

[BY M. R. RY. K. NAGESWARA RAO PANTULU GARU, B.A., ASSISTANT REGISTRAR OF CO-OPERATIVE SOCIETIES.]

It is unfortunately a well-merited stigma attached to the societies in the Presidency—especially agricultural societies in rural tracts, which form the bulk of them, that they are merely borrowing and lending concerns and that they have not realised the expectations formed of them as institutions for the encouragement of thrift and economy amongst their members. No doubt, a strict sense of duty in the matter of repaying a loan punctually does cultivate prudent and thrifty habits in the borrower; but even this trait yet remains a long way off from perfection. Any attempts, therefore, however slender and feeble, to promote thrift amongst the members of Co-operative Societies, deserve welcome with open hands.

2. There is the usual stock argument that the people who combine to form a Co-operative Society are more or less short of capital, and cannot therefore contribute towards 'Savings Deposits' of any description. Certainly they cannot and are not expected to devote any appreciable portion of their income for this purpose; it must all go *in toto* towards the liquidation of their borrowings from the Society. But it is in the experience of most of us that small sums, too insignificant to be taken care of, are frittered away on objects not of particular merit or importance, for the sole reason that they are too trifling to be of any use; such small sums however, if diligently accumulated, are sure to grow in course of time into decent amounts and be of advantage to their owners to meet an emergency.

3. It is with a view to catch such trifling amounts, that the system of home-safes is devised. In the West, the work of collecting these small deposits is done in highly systematised methods. The chief function of Co-operative Banks is said to be to gather up all the spare money within their jurisdiction, and more especially to train the poor people to lodge it in them. For this purpose 'Collectors' are employed "who scour the country, going from house to house, knowing at what times there is likely to be money present, and ready to snatch it up before the tempter has suggested another use". They will be present at the pay-offices on pay-days and also on week-ends at the factories and mills when wages are disbursed. They visit even the farm-servants at their farms and labourers in the fields and in the forests. As receipts, sometimes metal counters and oftener, counters of card boards in the shape of railway tickets, different shapes and colours representing different values, are issued; and these may be readily exchanged into cash at the Co-operative Banks which issue them. Smaller counters can also be exchanged for larger ones. Special arrangements are sometimes come to with the Post Office to make Postage Stamps receivable. In some places small deposit books are used.

4. The idea of collecting deposits in Home-safes had its conception in the United States; and it is now in extensive use in the western

countries as a supplementary help to collecting by human agents. It has gained a decidedly superior popularity over all the other methods on account of its simplicity and safety. A home-safe is a small tin or steel box, with an aperture on the top; through which coins may be slipped; they are prevented from coming out by some machanical contrivance. The box is served out locked and the Co-operative society retains its key. The idea is that people will slip in money when they have got it and will then be prevented from taking it out again. After a time, the box is carried to the Bank to have the contents taken out and credited to their account.

5. Boxes of this description were got made locally and distributed amongst nine societies in Godavari District. Four societies used them in the past co-operative year; and their results are noted below for general information.

6. The Cocanada Co-operative Bank, Ltd. which is in capable hands, distributed 16 home-safes amongst 16 children. They were brought to the Bank once in a month and emptied, the contents being credited as a 'Current Deposit' in the names of the guardians to the minor holders of the box: the total amount thus secured by the Bank was Rs. 494-4-0 during the last Co-operative year. There was competition amongst the children contributing to these Savings and many an anna which would otherwise have been wasted in silly purchases of unhealthy sweatmeats and useless tinsels and toys was saved for being spent to a decidedly better advantage.

7. At Rawulapalem, in Razole Taluk a co-operative society was started last year. In the village there is a primary school for boys under the management of a Christian Mission; owing to the salutory teaching of the masters in the Institution, 16 boys (some of whom are Panchama Christians) were depositing regularly in the boxes supplied to them by the society, petty sums given to them by their parents off and on to please them. The amount thus accumulated stood at Rs. 11-1-0 on the 30th June last. This is an invaluable practical help rendered by the Mission-authorities to the cause of co-operation in the neighbourhood as this has afforded a patent object lesson for others to be guided by.

8. In the Societies at Sooravaram-Annavaram and Gopalapatnam in the same District, 31 boxes were served to 31 members and 2 boxes to non-members. The total amount contributed in this manner was Rs. 28-10-9. The subscribers were all grown-up men and the savings are proposed to be credited towards their loan accounts, when they grow to round sums.

9. The system deserves all encouragement. It has shown itself in the West to possess the needed potentialities to cultivate the instincts to save and be frugal; considerable sums are reported to have been collected in deposits in this way. Amongst us also similar results are sure to ensue if the proposed system is taken to and worked in all earnestness.

ORGANIZATION OF MADRAS PROVINCIAL CO-OPERATIVE BANK, Ltd.

[BY M. R. RY. M. SHIVA RAO AVL. OF PUTTUR, S. CANARA.]

Primary Co-operative Societies in the Madras Presidency whether agricultural or non-agricultural, and whether on a basis of limited or unlimited liability, are being financed at present, so far as they are in need of outside help, by Central Banks and Banking Unions, of which there are ten in existence, and which are composed either wholly of individual capitalists or partly of such capitalists and partly of Societies as shareholders. What is wanting at present to complete the organization of Co-operative Credit in this Presidency is a common financial link or centre connecting all the different parts and distributing among them any working capital that may be lying idle on the hands of one society while a similar amount is urgently needed elsewhere. For want of such a common balancing and adjusting centre, it must often happen—and it does now often happen—that one Central Bank is unable to find an investment for its *surplus* while another is unable to meet its obligations for want of money. The Registrar and his assistants no doubt do their best to put such banks in communication with one another, but some time is necessarily lost in settling terms and finding suitable investments, and much money has to remain idle or deposits have to be refused for want of a suitable *organization*.

To remedy this state of things, the Imperial Committee on Co-operation, who visited all parts of India in the cold weather of 1914-1915 suggested the creation in every Province of a Provincial or Apex Bank which should deal eventually with Central Banks only and which should be directed on business lines by an efficient Board of Management, but in which the ultimate control should be vested in societies. The Committee was of opinion that the Madras Central Urban Bank, (Limited) which was originally designed as a Provincial Bank, could be converted, provided certain essential changes were carried out, into a Provincial Bank, such as the Committee contemplated.

The Committee's Report and this recommendation in particular have been before the public since August 1915, and nevertheless the Madras Central Urban Bank has issued no proposals on the subject of its conversion into a Provincial Bank. I am informed by the Registrar that the Directors of the Madras Central Urban Bank (Limited) are prepared to recommend to their general body that Co-operative Societies should be admitted as shareholders in that Bank as shares came into the market for sale, but that they are unwilling to make any other change in their constitution.

In these circumstances, unless the idea of a Provincial Bank is to be dropped altogether, it is incumbent that the Co-operators of the Presidency, more especially the various District and Central Banks and Banking Unions, should undertake the responsibility of forming a Provincial Bank. It must be obvious to any one acquainted with the circumstances of Co-operative Societies in this Presidency that the organization of a fully equipped Provincial Bank is well within their means, provided the majority of them co-operate in the undertaking.

I would have much preferred, in so responsible an undertaking, to follow the lead of the larger Central Banks, but it has pleased them to delegate the task of organization to me among others and accordingly I have taken the liberty to address this Circular.

The idea of a Banking Union is familiar to Co-operators in this Presidency and the present proposals for a Provincial Bank are meant merely to carry this idea a step further by associating all the Societies in the Presidency in a Central Union so that—

(1) The capital required for the undertaking, which may be estimated at Rs. 2,00,000 may be forthcoming without putting any individual Societies to inconvenience and without looking too much to individual capitalists for help, and

(2) The ultimate control of the affairs of the Bank may rest with Societies, as expressly stipulated in the report of the Imperial Committee.

On the basis of a share capital of Rs. 2,00,000 it will be necessary that each of the 2,000 Societies in the Presidency should on an average take a single share of Rs. 100. It is proposed to spread the payments on account of shares over ten years, to treat half the amount of each share as reserve liability in the case of Agricultural Credit Societies and Supervising Unions and to require an entrance fee of Re. 1, so that any society wishing to take a share may remit, as a first payment, Rs. 6 (or Rs. 11 if it is a non-agricultural society) to

its own Central Bank. It will be open to Societies to pay more, but this will be the minimum first payment to secure a share. The draft by-laws accompanying this Circular were drawn up in the first instance by a well-known Co-operator and after approval, in their present form, by the Registrar of Co-operative Societies as well as by the Commissioner of Revenue Settlement, have been adopted by other applicants, including my own Society, as a basis of registration. As soon as a sufficient number of Societies have signified their acceptance of these proposals and made their first payments in accordance therewith, application will be made to the Registrar for the registration of a Provincial Bank. To enable this application to be sent in the form required by law, I have the honour to request you to sign the accompanying application and draft by-laws, obtaining *if necessary** the sanction of your general body to that end (which I suggest should be done expeditiously). I trust that at least 2,000 shares will be taken up by Societies, the well-to do ones taking more than one share and the less well-to-do ones taking at least one share by reducing if necessary a corresponding item of less urgent expenditure. One thousand additional shares will be offered to individual capitalists, on condition that in their case one-tenth of the value of each shere is paid with the application and the rest on allotment, with the further reservation that shares will be allotted to individuals only after at least an equivalent number of shares have been taken up by Societies. This proviso is necessary in order that the majority of votes in the General Body may from the beginning rest with Societies, but the standing co-operative rule that each shareholder shall have only one vote, whatever may be the number of shares held by such shareholder, will not be departed from.

The Imperial Committee on Co-operation recommend that to prevent interlocking of liabilities, Central Banks should not be permitted in future to borrow from one another except through the agency of the Provincial Bank and that the overdraft arrangements should also be concentrated in the Provincial Bank. In compliance with these views the proposed Provincial Bank will undertake to provide, within the limits of its resources, all the money required as

* If necessary; because in many Societies the Panchayat or Managing Committee is vested with power to affiliate the Society concerned to any Union that may be registered by the Registrar with appropriate jurisdiction.

loans by Central Banks, the latter being expected to raise as much local capital as possible for their own requirements and to look to the Provincial Bank for help only in order to supplement local resources. The rate of interest to be charged to Central Banks by the Provinicial Bank will of course depend on the usual considerations. but it is hoped that if the Provincial Bank reaches a *working* capital of Rs. 10,00,000 it will be possible to lend to Central Banks at a rate not exceeding 6¾ per cent. so as to enable Central Banks to spend towards supervision at least ½ per cent. on the loans advanced by them. Further reduction in the rate of interest will depend on the co-operation of the Societies themselves.

It is desirable that, as recommended by the Committee on Co-operation, the overdraft arrangements in favour of Central Banks should be concentrated in the new Provincial Bank. When this is done, each Central Bank now enjoying an overdraft with the Bank of Madras will be allowed a corresponding overdraft by the Provincial Bank at the same rate of interest as is now allowed by the Bank of Madras.

Deposits will be received by the Provincial Bank at rates not exceeding the lowest rates now offered by Central Banks, *i. e.*, 6 per cent. for long term deposits, and 5½ per cent. and 5 per cent. for short terms. Deposits received at these rates by Central Banks may be transferred, in case there is no outlet for the expenditure of these deposits in the receiving Bank, to the Provincial Bank which will protect the receiving Bank from loss by paying the regular rate of interest on deposits so received and debit actual charges of transmission to the Central Bank through which deposits have been received. No limits will be placed to the range within which a Central Bank may canvass for deposits, provide it does not compete in the matter of rates of interest with the Provincial Bank by offering better terms than the Provincial Bank to intending depositors.

The office establishment necessary for working an efficient Provincial Bank will be an important consideration. Provision has to be made for a Secretary on about Rs. 200 per mensem and an office establishment costing, with house rent, the same amount; contingencies and stationery will probably raise the monthly cost to Rs. 500 which will be Rs. 6,000 per annum. If the Provincial Bank

pays 6 per cent. on its working capital and advances loans at 6¾ per cent. then a working capital of Rs. 8,00,000 will be required to enable it to spend Rs. 6,000 on establishment after paying a dividend of 6 per cent. Until the work of the Bank is raised to this pitch, the remuneration of the Secretary will have to be kept at a figure lower than Rs. 200 per mensem. It is possible that some Co-operator may be willing to be an Honorary Secretary with at most an annual honorarium instead of pay.

The question of diviednd has just been referred to. If the Bank relies mainly on Society shareholders for its share capital, it will not be necessary to declare a higher dividend than 6 per cent. whereas if it relied mainly on individual capitalists for its share capital, not only would it have to be conducted on the lines of a capitalist Bank, but it would have to offer special inducements to its capitalist shareholders in the shape of a preference dividend (7, 8 or 9 per cent.) and to reduce the dividend to Societies below the standard of 6 per cent. In view of these serious disadvantages, it would seem the best course to allot shares to a limited number of capitalists, but without any preference dividend and to endeavour to build up a share capital subscribed mainly by society-shareholders.

The Board of Management of the Provincial Bank would consist of representatives of individual shareholders, representatives of Central Banks and representatives of primary Societies, the two latter groups together being the majority. The Board of Management will elect a Standing Committee of at least three Directors ordinarily resident in Madras and so circumstanced that they may meet regularly once a week or oftener for the transaction of business. The extent to which the Standing Committee will be permitted to initiate proposals or to dispose of business will be settled by Standing Orders of the Managing Committee. The Secretary, whether a paid servant or a member of the Managing Committee, (in which latter case he will be eligible only for a honorarium and not for a salary) will not be appointed, punished or removed by the Managing Committee without the previous approval of the Registrar.

Meetings of the entire Managing Committee might be held once a quarter and until work is sufficiently developed members of the

Managing Committee might be required to bear their own travelling charges or debit the same to their respective Societies, if they are representatives of Societies.

The Committee on Co-operation have dwelt at great length on the importance of Central Banks as well as the Provincial Bank securing an adequate *fluid resource* by which they mean that such a Bank should always have, in the shape of cash, readily realizable reserve and overdraft, such amount as will enable it to meet promptly its obligations in the way of deposits to the extent of one-third of a year's obligations in the case of a Provincial Bank and one-half in the case of any other Central Bank. It is expected that the Provincial Bank will have such a fluid resource at its disposal, and to this end it is proposed that all the overdrafts now granted by the Bank of Madras to Central Banks should be transferred to the Provincial Bank, the latter granting in turn an equivalent overdraft to each affiliated Central Bank and charging either the same rate of interest as that now allowed by the Bank of Madras or one quarter per cent. more.

CO-OPERATION AND LOCAL SELF-GOVERNMENT.

[BY MR. B. ANAND RAO, PRESIDENT, PUTTUR RURAL CREDIT SOCIETY, S. CANARA.]

Writing to the *Bengal Co-operative Journal* for May 1916, a correspondent says that " the time has come when Government should recognise the importance of the co-operative movement by reserving a seat for Co-operative Societies " in the Legislative Councils. " The co-operative movement, " he adds, " is the only agency through which the dumb millions can make themselves articulate. " In cordially approving of this suggestion, a writer in the *Capital* of the 16th June last remarks that " co-operators are the pick of the agricultural community, and it is important to give recognition to their efforts to raise themselves and their fellows to their due position in the State. "

Opinions may perhaps not be unanimous on the absolute necessity at present of giving Co-operative Institutions representation in the Legislative Councils ; but the principle contained in the statements

of the writers quoted above is quite unexceptionable and ought to be kept steadily in view by all co-operators so as to urge it when the time comes. In the meantime, it seems to me to be necessary in view of the future, to start work nearer home by taking immediate steps to get that principle recognised in the smaller representative assemblies more immediately around us

The idea of investing Co-operative Societies with a certain amount of status with regard to our Local Boards and Municipal Councils is not quite a new one. It was one of the points suggested by Mr. M. Shiva Rao of Puttur in the written memorandum which he submitted to the Imperial Co-operative Committee. Mr. Shiva Rao's subsequent illness at the time of the committee's visit to Madras where he had been invited to give evidence before them prevented him from elaborating the point further or from making his suggestions available to the co-operative public in general : and I do not know of this point having been brought forward by any other co-operator either before or since. It is therefore that I have thought it necessary to bring it to the notice of the public and to invite the opinions of all leaders in the Co-operative World, so that it may be discussed from all points of view and be made the subject of specific representation in the immediate future.

My own idea on the subject is that administrative work in Co-operative Societies should be made one of the qualifications for voting and candidature in the elections to Local Boards and Municipalities. The practical benefit to the movement arising therefrom is too obvious to need any detailed explanation. Organisers of Co-operative Societies know but too well that the members in general do not take the continuous interest in the affairs of their Societies. The whole burden of the management of the Society naturally falls in every case upon the small Managing Committee. Even among the Managing Committee the initial enthusiasm often wanes and the interest of many a member tends more and more towards a life-less and mechanical discharge of the duties thrust on him. It is no wonder therefore that a seat on the Managing Committee is often looked upon more as a nuisance than as an honour, and as there is little in the matter of what the average man of the work-a-day world can bring himself to appreciate, the gloomy outlook does not tend to brighten up by any means. The ultimate result of all this is the gradual but perhaps inevitable approximation of the Society to the one-man-type which is undoubtedly the worst form that a Co-operative Society of all institutions can assume. The addition of service as a Panchayatdar of a Society to the list of qualifications for voting and candidature in elections to the Councils of Local Self-Government is sure to make it worth the while of every man who aspires to enter such Councils to take some interest in the working of Co-operative Societies. The election to the Panchayat will not then be considered to be devoid of any advantages whatsoever. The right to vote or the right to contest a seat in the Local Boards is not at all considered to be of a shadowy nature. Even when Local Self-Government is hemmed in as it is at present with all sorts of limitations and restrictions, people have learnt to attach some value to a seat in the Councils thereof.

A new Local Boards Act is said to be on the anvil and suggestions have already gone forth laying down the lines upon which the new Act will have to be re-fashioned.

Not only the exigencies of the times but also the ever progressive ideals which have always to be kept in view by the Government and the people alike demand that the new Act should be framed in such a way as to widen the scope and sphere of the powers to be granted to the people in matters of Local Self-Government. Surely, if the new law is drawn up with such an object (and it seems to me that the Government will have no option but to do so), the importance of Local Boards will be enhanced to a very great extent, and with it also the value which people will begin to attach to the paths which will lead them to the highly cherished goal of Home Rule. Under such circumstances who can doubt that a seat on the Panchayat of a Society will be looked upon not only as a great honour in itself but also as an stepping stone to a still greater honour?

Even as things stand at present, service on the Panchayat of a Society, if made one of the qualifications for voting in or candidature for elections to Local Boards, will be practically the only other of the qualifications of a really popular or representative nature, the only one existing at present being that of a non-official member of a union Panchayat [5 (f) of the rules framed for the conduct of election of members of Taluk Boards].

The other existing qualifications are all of a nature that birth, heredity, pecuniary status, or University Education can alone invest. None of them can, therefore, be called really representative in character in the sense that the acquisition of these qualifications depends in any degree upon public work or popular favour. Election to the Panchayat of a Co-operative Society must depend mainly upon the extent of the claims which the nominee has established to popular support by virtue of his disinterested services. Indeed the strength of support with which a person is elected to the Panchayat of a Society can be said to be a fair index of the degree of the estimation in which he is held by the villagers among whom the Society works.

The ordinary sphere of work of a Panchayatdar is also such as to afford quite a fitting and adequate training ground for the kind of work which members of Local Boards will be called upon to do. If a correct understanding of people's needs, a discerning sympathy with human frailties, a keen sense of discrimination. and a discreet way of dealing are of any use in public work such as falls to the lot of members of Local Boards (and none can deny their usefulness in that direction) service as a Panchayatdar cannot but be considered to be excellent school of discipline. in as much as such service also demands exactly those very qualities. Acquaintance with details, thoroughness of knowledge, readiness of retort, directness of argument, quickness of comprehension. and unfailing presence of mind are also some of the qualities which are common to both Co-operative Panchayat and Councils of Local Self-Government. A Panchayatdar of a Co-operative Society has thus much better chances of developing within himself all those qualities of head and heart which are necessary to be acquired by a conscientious worker in the Local Boards. Twenty Societies had been as an experimental measure invested last year with the power of carrying out certain sanitary works in villages and the Taluk Boards concerned had been directed to place the necessary amounts at the disposal of those Societies for the purpose. The report of the activities of those Societies in the matter seems to have given entire satisfaction to Government not only by the fact that the work was done well but also by the fact that it was done at much less expense than it would have taken if it was to have been done by the ordinary private contract system. This one circumstance is in itself sufficient evidence of the fact that a Co-operative Society constitutes one of the best institutions capable of performing public work efficiently.

It is not also quite a radical change of principle that we shall be asking for if we demand that service as a Panchayatdar must be made one of the qualifications for voters and candidates for a seat in Local Boards. Even in the existing rules as pointed out above, non-official membership of a Union Panchayat has been made a qualification for voting. The principle of recognising public work as a qualification for the conduct of elections of members to Local Boards is thus already there and what we shall have to ask will therefore only be extension of the same principle to another sphere of public activity. Comparisons are said to be odious and it may not be worth while to investigate into the constitution and working of Union Panchayats with a view to find out as to how far they can be considered to be really popular and representative institutions as compared with Co-operative Societies; but there cannot be any two opinions as to whether Co-operative Societies are really popular and representative institutions. I am sure therefore that no one can gainsay the fact that Co-operative Institutions can also with propriety be added to the public bodies service in which can be considered as entitling one to take part in election to Local Boards.

This reform is thus not only expedient and necessary in view of present considerations but also desirable and essential in view of that future which all true lovers of God, Crown and country have really at heart.

AGRICULTURE AND COMMERCE

[BY THE HON'BLE MR. GORDON FRASER.]

The invitation I have had the honour to receive asking me to preside at your Conference to-day was unexpected but I regard it as a recognition of the mutual dependence existing between Agriculture and Commerce in this Presidency and of the great part your College can play in helping to develop Commerce as well as Agriculture, also as evidence of the desire on the part of your Director of Agriculture to bring Agriculture and Commerce into closer touch with one another.

* Presidential Address delivered at the last Agricultural Conference held at Coimbatore

Our Presidency, in fact all India, is pre-eminently an agricultural country and the commerce and trade of the country, both imports and exports, largely depend on the degree of success attained by the farmers in raising their crops and livestock. Large crops of good quality mean increased prosperity, with more money available to spend on improvements and more capital to invest in and to initiate new industries.

In mentioning new industries I would direct your attention to such industries as deal directly with your Agriculture. By these I mean in the first place such industrial methods as will help to improve the outturn and quality of your crops. These you are now learning at your College and secondly such industrial work as deals with the preparation of your crops for the markets of the world. As regards the latter, you may say, "Oh, but our work as farmers and cultivators stops when we have grown the crops." This is true to a certain point, but if you want to reap the full benefit of your labors you must follow your crop right through to the consumers. What use is it to grow crop of good quality when they are adulterated by others before reaching the manufacturer or consumer? That this adulteration takes place is too true. Also why deliver your raw material to foreign manufacturers until you have put it through as many processes of manufacture yourselves as you have facilities for. Work up your crops yourselves as much as possible and sell the excess to the foreign buyer. I would like to refer briefly to a few of the crops of Southern India and their attendant industries. We will take paddy first and its rice mill industry. The good effects of the work now being carried out by the Agricultural Department are shown in the more economical working brought about by the single seedling system. I am given to understand that if the whole paddy crop of the Presidency were grown under this system it would result in a gain to the cultivator of the large sum, based on a very conservative estimate of over 100 lakhs of Rupees. Cotton comes next. With co-operation and systematic selection of seed the possibilities of improvement are almost unlimited. You must all bring your influence and energies to bear against any attempt on the part of the short-sighted and unbusiness-like farmer to grow inferior cotton simply because they see the chance of a little extra immediate profit. As for the commercial side of cotton growing, I can assure you that the demand exists for all the cotton of good quality that you can produce, and the premium in price that growers can command for cotton of superior quality will amply repay them for extra trouble and expense they may incur. The groundnut crop is now a very profitable one in the Presidency but in the past it has gone through precarious times due to ignorance and thoughtlessness on the part of the cultivators. Inferior seed was used, crop after crop was taken off the same land until the land was exhausted. Deleterious methods of preparing the kernels for the market were and unfortunately are still, in force, and adulteration by middleman was freely indulged in and is still a common complaint, but the use of machine decorticating has improved matters in this respect. I cannot advise you as to the agricultural methods to adopt to improve the quality and outturn of your groundnut crop. This you will learn in your College, but I do advise you in your own interest to give more attention to the matter commercially and to insist on the crops you grow being marketed in the most efficient and profitable manner possible.

Commercially, I think the groundnut crop has suffered more than any other through adulteration and injurious methods of marketing. I do not say it is the fault of the farmers. I don't think it is, but the fact remains it reacts on them and they are the losers; so it is up to them to see that matters are improved. I will again refer to adulteration later on, but will point out now the loss resulting from the inferior methods adopted in preparing the kernels for the market. You all now know how the shells are wetted and then beaten with sticks by coolies. The result is the kernels get damp and long before they reach the crushing mills they are discolored and the oil in them is rancid. Probably about 75 per cent. of the crop is still treated in this manner. The remaining 25 per cent. is decorticated in the dry state by machinery and the kernels resulting are clean, wholesome, and sweet. Now I will show you where the commercial results affect the growers. Last week my firm paid Rs. 37 per candy of 529 lbs. for clean, sweet, wholesome kernels decorticated by machinery, but only Rs. 31 for kernels decorticated by the wet process by hand labour. Also before being paid for the kernels decorticated by the wet process are spread out and cleaned by our own staff, and dried in the sun to our satisfaction. All this trouble and expense is not necessary if the kernels are decorticated in the dry state by machinery. At the

prices I have mentioned you will see that the superior quality commands a premium of nearly 20 per cent. The average annual value of the exports for the four years ending 1916 was nearly 400 lakhs of rupees. Probably kernels representing about three-quarters of this amount were decorticated by the wet process, say 300 lakhs worth, and had these been decorticated by machiney the extra return to the ryots would have been about 60 lakhs, or 240 lakhs of rupees for the 4 years. The wide field of enterprise before you is shown by the fact that two improvements, the single seedling system for paddy and dry decorticating for kernels result in a gain of 100 lakhs and 60 lakhs of rupees and these gains should go into the pockets of the cultivators.

Industrially the groundnut crop provides opportunities for starting decorticating factories, and oil crushing mills.

A most successful and profitable crop since the war started has been indigo, but it remains to be seen whether the revival will be permanent or not. If it proves permanent then I would recommend to growers the desirability of taking more interest in the manner in which their indigo is prepared for the market. I am not an indigo expert, but I cannot believe that there is good reason for the wide variation in the quality of the stuff offered for sale. The greatest praise is due to Mr. Chadwick and the Agricultural Department for the prompt measures they took to place ryots in a position to grow indigo to meet the demand which they foresaw was likely to arise during the war. It has proved a most profitable crop to all concerned.

Individual rights cannot, of course, be expected to build ginning, decorticating, or indigo factories, but something might be done by the co-operation of ryots in a district. They could thus treat their crops with mutual benefit to themselves, but no doubt this point will be considered by the enterprising department under which you are working.

In marketing your crops set your face firmly against adulteration of any kind. In the first place it is cheating and immoral, and secondly unbusinesslike and unprofitable. The first objection requires no explanation but the second does. The seller who adulterates his goods can only do so on the supposition that he can fool his buyer. I can, however, assure you that the ultimate buyers, especially the manufacturers, are far from being fools, If I buy a product and find it heavily adulterated I either leave that particular seller severally a one in future, or deduct an ample allowance from my price next time not only to cover the risk of adulteration but also to cover the cost of cleaning the produce and removing the foreign matter. Whichever way you look at it the adulteration of crops results in a definite loss to the ryots. It is the same with cotton. Cotton badly ginned or adulterated means extra work thrown on the machinery of the Spinning Mill to clean out the rubbish. This results in a reduced output, and consequent higher working costs, and also extra wear and tear to the machinery. When next buying that particular class of cotton the spinner makes ample allowance not only for the probable adulteration. but also for the extra expenses incurred in cleaning the cotton. The adulterator goes to some trouble and expense in mixing foreign matter with his cotton, and the manufacturer has the expense of taking it out again, but unfortunately the expense in both cases comes out of the ryot's pocket. A manufacturer or consumer very soon sees how the land lies and by adulterating produce two or three unscrupulous middlemen can quickly give a district a bad reputation, and for the sake of a few rupees extra immediate profit they reduce the value of the whole crop. You cannot hide adulteration, it must come to light during the process of manufacture. The oil crusher keeps a record of the outturn of oil from the seed he uses, and the spinner knows exactly the wastage of each class of cotton he puts through his machinery. It is the same in well run factories, and the manufacturer bases his purchase prices on his actual results. The unscrupulous seller not only damns the produce in the eyes of the manufacturer, but robs the farmer of benefits he is rightly entitled to. I therefore impress upon you not only to pay particular attention to quality in growing your crops but to see that your produce is marketed in such a manner as to do you credit and give you a good name in the various markets in the world. In times of bad trade it is the inferior goods which suffer first, it is the produce with a good reputation that the buyer takes leaving the inferior stuff alone.

You, gentlemen, have a great responsibility on your shoulders, as with the advantages of your College training you go out into the world well equipped with knowledge and it rests with you to set an example and help your neighbours who are not as well qualified as yourselves. If you find that your knowledge and training help you to cultivate crops superior in outturn and quality to those of your neighbours, do not hesitate to give them the benefit of your experience. This you should do on unselfish grounds, but there is also a selfish reason and, that is, that the larger and better the crop the stronger the demand likely to arise and better prices will be paid you for it. A large steady supply of raw material of good quality is always an inducement to manufacturers to take an interest in that particular crop and it generally means a stronger demand with higher prices.

In conclusion, my advice is, go in for good quality, grow the very best your land, your seed, and your knowledge and experience will give you, avoid adulteration and by co-operation see that what you do grow is prepared for sale in the most efficient manner possible as by this means you ensure the most profitable return for your labour.

We all look for great results in commerce as well as in agriculture from the efforts of the students, past and present, of this College, and I am sure they will not disappoint us.

It has been a great pleasure to me to be present here and to preside at your conference.

THE CO-OPERATIVE RETROSPECT, 1911-1916.

SUGGESTED BY MR. R. RAMACHANDRA RAO'S REVIEW OF THE PRESENT POSITION IN THE "HINDU," DATED 21ST AUGUST 1916.

"Co-operation and Finance can Mix."

[BY A CO-OPERATOR].

I have taken as the text of my article these five short words "Co-operation and Finance can mix". because they express in a nutshell our present position, which I ask all genuine Co-operators to realize, just as Mr. R. Ramachandra Rao in his paper dated 21st August 1916 contributed to the *Hindu*, which appeals to genuine Co-operators to realize the exact contrary of this proposition, *viz.*, that 'Co-operation and Finance cannot mix', which *he* considers to be the present position. We are indebted to him for reducing the issue to this simple categorical form.

When Galileo said to his opponents: "Gentlemen, the Earth moves", and they said: "No, Sir, it does not", the Earth meanwhile had moved many thousands of miles in space, revolving at the rate of a thousand and odd miles a minute. Had the argument been carried on for five years, or for that matter for five hundred years, it would have had to be carried on still as an argument, and could not have been concluded by direct ocular testimony on either side, at any rate on the side of those who alleged that the Earth moved.

But the Co-operative movement in the Madras Presidency, though it is like the Earth in the sense that it moves fast, is not like the great Earth in the sense that we cannot obtain ocular evidence of its motion. We have only to proceed five miles in any direction and we shall see ocular proof of the movement. If we do that now, the following are some ten facts which we shall notice in October 1916 and which were not facts on 1st March 1911:—

(1) We shall find about 1,200 Co-operative Societies massed together in unions of various kinds, and some of these unions have supervision as their sole object. We shall find local unions, the radius of whose jurisdiction does not exceed five to ten miles, we shall find taluk unions conterminous with the boundaries of one taluk, or of two or three taluks, we shall find district unions each conterminous with a whole district, and lastly we shall find a Provincial union the aim of which is to embrace in its supervision all the Societies in the Province. It is true these unions do not account for the whole of the field surveyed, that is, each village in the Presidency will not be found to belong to a local union, a taluk union, a district union and to the Provincial Union, but this is the plan, the ideal aimed at.

On 1st March 1911 we would have found only one single Union of 19 Societies in the Chingleput District with head-quarters at Uttaramerur. In paragraph 26 of his Report dated 4th October 1911 the present Registrar said :—

"The most interesting and the most responsible work of the Registrar in the next few years will be the organization of these co-operative unions, beginning with the Taluk Union and ending with probably a Union for the whole Province. These Unions would gradually take upon themselves the functions now exercised from without, by the Registrar on the one hand, in controlling, inspecting and auditing societies, and by the Central Banks on the other, in financing the Co-operative movement."

(2) On 1st March 1911, we would have found not a single case of a Union of societies financing the Co-operative movement. On 21st August 1916, we would have found eight District Banking Unions, beginning with Madura-Ramnad, registered in June 1912, and ending with Coimbatore which converted itself from a District Bank into a District Banking Union in July 1916. Trichinopoly, hitherto the only exception, is about to follow the rule.

(3) We shall find that the Unions working to-day, whether supervising unions or banking unions, are based on the basis of limited liability, whereas on 1st March 1911, the single local Union then working at Uttaramerur was based on unlimited liability. We are concerned now with noting changes and movement, not with studying the advantage or the reverse of each change.

(4) We shall find that to-day the supervision by Unions is, or is going in a month or two to be, in many cases financially sufficient, without aid from Government, whereas in March 1911, though there was a Union Supervisor in the single Union at Uttaramerur, he was under a Government Inspector. Government Inspectors are going to be withdrawn altogether, within a measurable time, from supervision and reserved for audit.

(5) We shall find that the Supervisors in 1916 are not in all cases local men; they have been selected with a view to securing men with good educational qualifications, as far as practicable, men who have passed Government Examinations in Banking and Book-keeping or men who undertake to pass such tests in a year or two, whereas in March 1911 the single Supervisor of the single local union was a local man with local influence, the member of a local society as well, and the idea then was that all Union Supervisors were to be men of this type. Here again the point is to note, not whether Co-operation has moved up or down, but whether it has moved.

(6) We should have found on 21st August 1916 that the Union Supervisors were, or were about to be, as well paid as most Government Inpectors have hitherto been, and that the money to pay them had been found between the Societies and Central Banks and was not

contributed in whole or in part by Government. Of the state of things on 1st March 1911, it was said by Mr. Ramachandra Rao in his paper dated December 1912 contributed to the First Provincial Co-operative Conference, para. 14. "The policy of Government has been to scatter Societies throughout the districts so that they may serve as object lessons......If the Societies in the Presidency are not to-day......under supervision financially independent of Government, it is due to deliberate action on the part of Government". It is true that in August 1916, all Societies had not been affiliated to Unions, and nevertheless all Societies in August 1916 had agreed to contribute to the Supervision fund a sum which will render it very shortly financially independent of Government aid.

(7) On 12th September 1910, when Mr. R. Ramachandra Rao submitted his annual report to Government, there was no idea of a District Federal Bank. On 1st March 1911 he handed over charge to the present Registrar. In his paper contributed to the First Madras Provincial Conference, which was held on 21st and 22nd December 1912, the idea of a District Federal Bank appears among his "views as to the future lines of progress." On page 6, para. 27, is a prediction that at the district head-quarters there will be, in A.D. 1952, a Federal Bank—"an institution unknown in the year 1912." In 1912, however, the first District Federal Bank which was more than a Federal Bank according to Mr. Ramachandra Rao's conception of a Federal Bank—for it was a District Banking Union with share-holders earning dividends, enlisted from among Societies as well as from among individuals—was registered at Madura on 28th June 1912. Of this Banking Union, Mr. Ramachandra Rao was pleased to say, in the same paper, dated December 1912, that it was a mistake to have registered it. On 21st August 1916, as already stated, we would have found seven more District Banking Unions and long before A. D. 1952 we hope the series for all the Districts of the Presidency will be complete.

(8) In September 1910, the Registrar congratulated himself on the "thorough cordiality between the Madras Central Urban Bank and the Registrar: and the results of the latter's inspections have been hitherto accepted by the Bank." In August 1916 the Bank does the favour not only of accepting the results of inspections by the Registrar and

his staff but of paying for it a substantial sum as a contribution to the supervision fund.

(9) On 12th September 1910 the Registrar wrote: "I expected that the District Bank" (capitalistic) "will actively supervise the Societies, to watch if its loans were safe. But practically much has not been done yet...The germ of the idea is there, and in course of time the District Bank may develop this function. With an increase in profits a paid staff may even be entertained..." The Committee on Co-operation who were appointed in August 1914 wrote: (Para. 105): "It must of course be understood that a purely capitalistic Central Bank is not a suitable agency for the training and supervision of societies." In August 1916, all the District Banking Unions undertake the supervision of affiliated societies and they are not purely capitalistic Banks.

(10) In 1912 Mr. R. Ramachandra Rao thought that the District Federal Banks, which had apparently been evolved in his mind since the date when he ceased to be Registrar, would work so well that he recommended the opening of three District Federal Banks immediately in the Districts of Chingleput, Anantapur and Salem, and he further recommended that within one year after the District Federal Banks had been opened, the Registrar should have nothing to do with the Districts which should have each their own Registrar, an Officia of the District Bank.

In May 1915, a District Banking Union for the Chingleput District was opened under conditions far more favourable for independent work than those of Mr. Ramachandra Rao's prospective District Federal Bank. Societies only are share-holders in this Banking Union (as in Mr. Ramachandra Rao's scheme), but individual share-holders are not excluded by rule: and Societies' shares have a definite value and are not nominal, as in Mr. Ramachandra Rao's scheme. Nevertheless, it has not been possible to dispense with the intervention of the Government Registrar up-to-date in the affairs of this Banking Union.

We might go on multiplying evidences of movement, that is, of change of position, between 1st March 1911 and 21st August 1916, but the above ten are enough. They may not all be differences evidencing improvement, but unless the movement in all of them was retrograde, any person, writing on 21st August 1916, should have taken stock of at least of some of these differences.

The first thing, accordingly, that strikes one in Mr. Ramachandra Rao's review of the present position, with which readers of the *Hindu* were favoured on 21st August 1916, and which he asks all genuine co-operators to realise, is the fact that he practically takes his stand, not on facts as they might be seen to-day, but on the views contained in the paper contributed by him to the First Madras Provincial Conference, dated 21st and 22nd December 1912; and he holds that nothing worth doing in co-operation has been done since that paper was written.

In December 1912 he considered the opening of the Madura-Ramnad Banking Union to be a mistake; and on 21st August 1916 he says that Societies simply *cannot* be share-holders in a District Bank with share-capital. But seven more District Banking Unions, with share holding Societies as members had been registered, or come into being by amendments of constitution, between December 1912 and 21st August 1916; the Committee on Co-operation had cried themselves hoarse in proclaiming the value, the advantage and the necessity of mixed constitutions for District Banks; Government and the Board of Revenue had reviewed four successive annual reports of the Registrar and had looked upon the growth of the District Banking Union idea with not a little satisfaction; and lastly, all the District Banking Unions had done well, and had done none of the frightful things which Mr. Ramachandra Rao thinks Society share-holders and their delegates are sure to do in such Unions. These facts not only do not appeal to Mr. Ramachandra Rao, but they are coolly put on one side by him, and what was a mistake according to him in 1912—the opening of a single District Banking Union—became, by 21st August 1916, an unthinkable chimera of co-operation—and that after 7 more District Banking Unions had been opened with success.

But if co-operators wish to know whether they are at present doing co-operatively right or co-operatively wrong, let them consult the published records of Societies, read the reports of Conferences, study the annual statistics, peruse the Imperial Committee's Report. Let not their judgment be warped by people saying that the Registrar or anybody else is quoting the Imperial Committee *ad nauseam.* The Imperial Committee's pronouncements are not so nauseating as certain pronouncements we have so often heard of late, and with repeated strikings of fist on table, that the Madras Central Urban Bank is non-co-operative, was non-co-operative from the commencement, was registered under Section 29 because it was non-co-operative, etc. The epithet "non-co-operative" was not, as a matter of fact, applied to the Madras Central Urban Bank by the Registrar who registered it, in either of his annual reports to Government—that dated 5th July 1906, the first after registration of the Bank, or in that dated 14th October 1907: nor does the epithet occur either in Mr. Ramachandra Rao's report dated 3rd September 1908, or in that dated 27th September 1909; but in the report dated 12th September 1910, the last submitted by him as a Registrar, it does occur; and in the context in which it occurs, it indicates a deliberate change of front on the part of both the then Registrar and the Madras Central Urban Bank. That does not look as if the godfathers and godmothers of the Madras Central Urban Bank had agreed to bestow on it the sweet sounding appellation of "non-co-operative" at the moment when it was first christened in 1906.

But what is more to our purpose is, that the titles now so much prized by the Madras Central Urban Bank—"non-co-operative" "an unmitigatingly dividend-earning concern" and "hard unphilanthropic body" etc. are all to be found in close juxtaposition in Mr. Ramachandra Rao's report to Government dated 12th September 1910. And why? Apparently by that time, he had unfolded in his own mind, and had also unfolded to the Madras Central Urban Bank, with some mutual adjustment of views, we may presume, the entire financial scheme, evolved with so much adroitness and such circumstantiality of detail under the headings "Past, Present and Future" in the paper contributed by him to the Conference of December 1912, and summed up again, but without a single perceptible modification, in his paper dated 21st August 1916.

Co-operators and Co-operative Societies are entitled to know under what circumstances the Madras Central Urban Bank and the Registrar began to revel in the employment of such opprobrious terms in describing that institution, because they are interested in knowing that the destruction of the financial liberty of Societies was the necessary consequence of the arrangement between the Madras Central Urban Bank and the Registrar of which arrangement this exchange of compliments was only the outward symbol.

The arrangement is set forth in somewhat guarded terms, as to some of the essentials of a compact, in the paper of 1912; and in the paper of August 1916, there is a formal repudiation of the notion that there ever was such an understanding; but putting the two documents together, there can be no doubt that there was an intention, a velleity, to enter into some such arrangement. Under that arrangement, the Registrar was willing to hand over to the Madras Central Urban Bank eventually the entire finance of Co-operative Societies in the Madras Presidency, making it one of the Premier Banks in the Presidency town: and in return the Madras Central Urban Bank was to arrange to lend money to Co-operative Societies at 7½ per cent. per annum for ever. Some District Banks were to be interposed for a time, but they would gradually be absorbed in the financial Leviathan, and their places would be taken in the Districts by Federal Banks, small fry, which the Leviathan would not mind and which it could dispose of at leisure. The District Federal Banks, when formed, would take over all the indebtedness of the District for half a per cent. commission from the Madras Central Urban Bank. Out of the half per cent. the Federal Bank would have to surrender one-fourth to the Local Unions and gradually it could do business also with the public on "business terms." What business terms? The Federal Banks were to be kept religiously and scrupulously clean from any contact with money—their shares would be held by Societies only—but the shares would be nominal—that is, the value of the unit share in a District Federal Bank or, in the Provincial Federal Bank for that matter, would be *nil*. Now all the authorities, including not only the Imperial Committee, but the chief spokesmen of the Madras Central Urban Bank itself, are agreed that with nothing for share capital, such Banks cannot obtain loans and deposits from the public—but what of that?—they would depend all the more helplessly on the Madras Central Urban Bank for their working capital—*Quod erat faciendum.*

A mighty system of finance, a ring, as it might be called, was thus forged, and bound with bands of steel, a ring purposely placed outside the co-operative movement, but concentric with it, so that it might cramp, sqeeze and control the movement on all sides. Co-operative Societies were to be under the care of a financial Colossus, which, if it pleased, might crush and grind them without mercy and without room for retaliation. All Societies, and their members to a man, will agree that the elevation of the Madras Central Urban Bank to this colossal altitude and power could have only one result, the permanent financial

bondage of Societies. Mr. Ramachandra Rao's scheme is no new device in the world. It is the old, old device, whereby the money lender holds the borrower in bondage, sapping the resources of the latter, paralysing his efforts, and keeping him alive in order that he may be devoured at leisure, just as the wasp paralyses its victims and keeps them alive, to serve as food for its young ones. Only we may ask and Societies will ask: "Is co-operation also come to this? Is this the end? Is this the end?"

No, this is not the end of co-operation. It is the end of co-operation to make men thrifty, thereby making Societies prosperous, and in the course of making them prosperous, to teach them the practice of business as well as the theory of co-operation. Co-operation does not end, as Mr. Ramachandra Rao would have it, when business begins. His doctrine "Co-operation and business cannot mix" is rank co-operative heresy, and must be denounced as such by every lover of the cause.

I am quite willing to enter an apology for Mr. Ramachandra Rao's paper of 21st August 1916, namely, that when he was Registrar, he probably did not realize the necessity that would arise for handing over co-operative finance to co-operative Societies, and that since he ceased to be Registrar, and until he wrote his paper dated 21st August 1916, he presumably had not the time to study the details of the work done within the movement during the five years, 1911 to 1916. He may be saturated with the theory of co-operation, but the most charitable supposition is, that he is not saturated with the practice of co-operation, as it is practised at present, to an extent that would qualify him to make so momentous a pronouncement, at such a critical time, and in such unqualified terms.

EDITORIAL NOTES.

The Editorial Committee are anxious to increase the usefulness of the *Bulletin* in all respects and to make the vernacular editions more and more independent. This object can be achieved only with the generous assistance of all our official and non-official co-workers in the sacred field of co-operation. We appeal to all of them, therefore, and particularly to the Registrar and the Assistant Registrars (whose

To our Readers

generous and constant aid we take this opportunity to gratefully acknowledge) to send us now and then articles on Co-operative topics, accounts of typical societies, inspection and audit notes of selected good and bad societies, hints and instructions for their better working, reports of conferences, group photos, &c.

Fifty per cent. Rule withdrawn.

We sincerely congratulate the Government on having withdrawn the rule promulgated last year in November laying down that fifty per cent. of the net profits of all limited liability societies should be carried to the reserve fund. In our last issue while commenting on the Hon'ble Mr. V. S. Srinivasa Sastri's resolution on the subject moved in the local Legislative Council, we ventured to hope that the Government would withdraw the rule at least after the present audit season was over. We are extremely happy that the repeal was made sooner than we had hoped. The Government have earned the gratitude of all Co-operators of this Presidency in having thus hearkened to their earnest and unanimous prayer, though they would perhaps have been better pleased had the Government seen their way to accept the Hon'ble Mr. Sastri's resolution when it was moved. We give below the new rule which was published in the *Fort St. George Gazette* of 11th July 1916:—

"In societies with shares and limited liability, not less than one-quarter of the net profits shall be carried to the reserve fund, after which dividends may be declared up to a maximum of 9 per cent. per annum of the paid up value of each share and 7½ per cent. of the net profits may be set apart for a common good fund. The balance, if any, of the net profits shall be carried to reserve."

In some quarters the fear has been entertained that the new rule might be so construed by the authorties as to disallow the setting apart of any portion of the net profit for supervision fund. and other purposes. We do not see any ground for such fear, the rule being permissive and not obligatory with regard to the dividend. Societies which desire to create a fund for supervision or other purpose have only to get a bye-law passed to the effect and there can be no trouble from the auditors.

The Proposed Provincial Bank.

We have devoted a good deal of space in the present number to the subject of the proposed Provincial Co-operative Bank; and naturally too, for that has been *the* topic of the past two or three months engrossing the attention of all Co-operators in this Presidency. Our readers will remember that of late our non-official Co-operators have expressed their willingness to share the burden of supervision with their official brethren, and that with the starting of new District Banking Unions of the Madura-Ramnad type a steady demand has been made that the earlier District Banks of the purely individualist type and the Madras Central Urban Bank should so modify their constitution as to admit of societies becoming share-holders and being represented on the directorate. The recommendations of the Maclagan Committee on Co-operation tended in the same direction; they further suggested that the Madras Central Urban Bank should soon convert itself into an Apex bank dealing mainly with district banks, taking over their surplus funds and accommodating the needy with the help of a cash credit account with the Presidency Bank and modifying its constitution so as to give a voice in its management to the representatives of its client societies. Certain attempts were made by the present Registrar to bring about these suggested modifications but so far without any success. Meanwhile Mr. M. Shiva Rao of Puttur and some other prominent Co-operators of this Presidency have drafted a scheme for the formation of a Provincial Co-operative Bank and have circulated it widely among the societies. We believe that most of our readers have already perused it and such of them as have not yet done so will find it published in this number of the *Bulletin*. We do not propose to go into it in any detail but content ourselves with observing that it combines co-operative ideals and practicability to a remarkable degree.

The Madras Provincial Co-operative Union, which is the representative non-official organisation of all Co-operators in the Presidency, has resolved at a largely attended Executive Committee meeting held on the 23rd of September 1916, to support Mr. Shiva Rao's scheme for the proposed Provincial Bank and to invite prominent individuals and Societies to take up shares in it. Intending shareholders are requested to send with their applications an entrance fee of one Rupee and an additional sum of Rs. 10 in the case of individuals and Rs. 5 in the case of societies. Applications and money orders may be sent either to the Registrar and the Assistant Registrars in their respective sections or to the Joint Secretaries of the Madras Provincial Co-operative Union, Triplicane, Madras.

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A Co operative Dispensary.

Our readers will be interested to know that Babu Raj Prakash Narayan has organised a Co-operative Dispensary for the members of a group of 16 societies which have recently formed themselves into a Guaranteeing Union called the Fatwa Guarantee Union in Behar.

"These societies are at present the main contributors to the dispensary. Only the members of Co-operative Societies affiliated to the Union are eligible for membership. Each member pays Re. 1 entrance fee and Re. 1 yearly subscription. He and his family members are entitled to get medicine and doctor's advice free: but if the doctor is called at any member's house he is paid half fee, which is Re. 1, and his actual travelling expenses. The dispensary is in charge of a Sub-Assistant Surgeon who has been declared fit to hold charge by the Inspector-General of Hospitals who has very kindly encouraged this Co-operative venture by including it in the list of dispensaries in his charge in the Province and by sending all necessary forms, registers, etc. The dispensary also distributes medicine amongst non-members for which a very small charge is made only for the medicine, which at present is ½ anna per dose, and to the needy and the poor medicine is distributed altogether free. A local gentleman, who is member of Barh Central Bank, has given his garden house free but recently he has sold the garden with the house to a Marwari who is now pressing the members to remove the dispensary elsewhere. Since the establishment of the dispensary up to the date of my visit 393 members, 231 non-members who have paid price of medicine and 519 non-members who have received medicine gratis bring the total to 1,143 people who have received medical help from the dispensary. This speaks well of the popularity of the institution which started work from 19th April Out of about 430 members in the societies affiliated to the Guarantee Union 259 members have already joined the Co-operative Dispensary and they have paid each Rs. 2 for their entrance fee and annual subscription.

The present Doctor is working at a great self-sacrifice. He is getting only a subsistence allowance of Rs. 30 and the fees he gets he deposits in the dispensary fund. It will soon be necessary to raise his pay to the scale which Sub-Assistant Surgeons in charge of hospitals get and a good house is immediately wanted.

* * *

Madras Lagging Behind.

We wish to draw the attention of our readers to the extracts given elsewhere from the informing Presidential speech of Dewan Bahadur J. S. Chakravarti, Finance Minister of Mysore, delivered at the recent Mysore Co-operative Conference. He has given several tables of co-operative statistics for the various Provinces which while throwing a complimentary light on Mysore disclose the unenviable position of our own Presidency. We are aware that in co-operative statistics small States and Provinces like Baroda and Ajmere-Merwara have a natural advantage. We have, therefore, to compare our Presidency only with the larger Provinces. While the Punjab, United Provinces and Bengal have 33, 26 and 25 (fractions omitted) societies for every 1,000 square miles, Madras has only 11 societies. For every 1,00,000 of population the Punjab and the Central Provinces have nearly 17 societies but Madras has not even 4 being only second from the bottom of the list. Out of every 1,00,000 of the population 795 persons in the Punjab and 439 in Bombay Presidency are members of Co-operative Societies while here they are only 287. Finance has been at any rate was the pride of our Presidency and in the amount of total working capital we are even now only second to the Punjab; the working capital of the latter is Rs. 1,91,39,000, while ours is Rs. 1,42,10,000. But spreading it over population while the Punjab and Burma have Rs. 95,700 and Rs. 78,090 for every Rs. 1,00,000 souls, Madras has only Rs. 34,320. These figures will show that there is little cause for self-complacency on the part of our official and non-official brethren. We are sorry to note that of late there has been a slackening of effort and enthusiasm in the latter especially in the matter of organising new societies. We hope they will rouse themselves betimes.

It is well known that the United Provinces are leading in many co-operative matters and that a good deal of agricultural improvement has resulted through Co-operative Societies. Our readers will be glad to learn that their moral influence also has been very great, as is testified to by the following extract from the Resolution of the United Provinces Government:—

Moral influence of Co-operative Societies in the United Provinces.

"That the claims of the poor and the orphans are beginning to be recognised by societies, that education is receiving attention, and that the societies are also in certain instances distributing agencies for quinine and other simple medicines and are participating in sanitary improvements. The Lieutenant-Governor is particularly gratified by the fact that in the present crisis the co-operative movement has not only given substantial contribution to the various war funds, but has also been an important channel for the dissemination of correct information on the course of the war."

* *

The Executive Committee of the Madras Provincial Co operative Union at their meeting held in September last have resolved to hold the Fifth Madras Provincial Co-operative Conference in Madras about the first week of January 1917 and to request the Hon'ble Mr. Gillman to preside over it.

The Fifth Madras Provincial Co-operative Conference.

PROGRESS OF CO-OPERATION IN INDIA.

CO-OPERATIVE DISTRIBUTION IN NORTHERN INDIA.

The following extracts are taken from an article on the above subject contributed to the April number of *Indian Journal of Economics* by Mr. A. C. Chatterjee, B. A., I. C. S., Registrar of Co-operative Societies, United Provinces:—

Seed Supply.

The urgent necessity for the improvement of their seed supply is keenly felt by cultivators all over the province. Much of the lending in the villages is confined to the supply of seed, particularly seed for the spring crop, by the rural money lender to his customers. The usual practice is for the money lender to lay in a stock of seed grain after a good harvest when prices are low. He lends it out in the beginning of October in small quantities to numerous cultivators. The understanding is that the borrower will return it at harvest time with an addition of twenty-five or fifty per cent. The account is kept in measure of grain. If the borrower cannot fulfil his obligation the transaction is either carried over to the next year with a further compound addition of twenty-five or fifty per cent. or is commuted into a cash loan. After the harvest collections the money lender sells off as soon as prices are good the extra twenty-five or fifty per cent. stocks the remainder and trades with it again in the next sowing season.

He thus combines the business of seed supply with a certain amount of speculation in the grain trade. There is, however, no attempt on his part to sift or grade the grain he receives at the harvest time. No seed testing of any kind takes place. The methods of storage are primitive, though in ordinary seasons fairly efficient. The cultivator when he borrows the grain at sowing time has absolutely no choice with regard to the quality of the seed that he gets. If the preceding harvest was unsatisfactory the seed is generally very poor in quality. This actually happened in many tracts during the sowing season in the autumn of 1915. In more than one district members of credit Societies have complained bitterly of the defective germination of bazaar seed which had suffered from excessive moisture during the latter part of the previous spring. After a famine the money lender or seed dealer often refuses to advance grain except at prohibitive prices. I need not refer to comparatively trivial details like giving short weight in sowing time and exacting excess weight in harvest time or the levy of straw, etc., from the borrowers.

A credit society or a Central Bank obtains a supply of approved seed through the agricultural department. It is sold at market rates or at something above cost price to selected members living within a convenient distance of the centre of distribution. Only such persons are supplied as are known to be good and careful husband men and the cultivation is supervised by trained officials of the Agricultral Department. When the crop is harvested it is cleaned and graded and after the seed is passed by experts it is brought back by the bank or society at a slight premium over market rates. Adequate arrangements are made for storage in specially constructed godowns. In the following sowing season a limited quantity is again sold to selected members while the bulk of the stored seed is disposed of at market rates to the general body of members. The distributing agency stipulates to buy back the produce of the selected cultivators if it prove to be of sufficiently good quality. The general body of members is permitted to dispose of their produce in the open market. All transations are in cash. If a member has not enough ready money to buy seed grain he has to take a loan from a credit society. With this system the results so far have been satisfactory. Although the depots or agencies have not made any substantial profits but as there is very little risk in the business, profits are only a secondary consideration. The cash system will enable the agencies to import fresh seed whenever necessary either from a recognised or Government form or from another area.

Co-operative Water Supply.

A very promissing experiment is now in progress in this direction. Arrangements are being made for pumping the water from the Gumti at a place in Sultanpur District for distribution in the fields for the

members of two or three adjacent credit societies. In this experimental undertaking the Government in the Agricultural Department is bearing the initial cost which will be realized in instalments from the Societies.

The latter will lévy a rate from each member according to the area irrigated. If the experiment proves successful, as we have recent hope it will, there is every prospect that we shall be able to organise water supply societies in suitable tracts for the pumping out water from rivers, streams, and large shallow lakes and supplying the same to agriculturists who may or may not be members of the credit societies. The organisation will, of course, be simpler if all members of the water supply societies are also members of credit societies, for, then the collection of the dues will offer no technical difficulties. Simılar organisations will also be feasible in the case of pumping installations attached to wells with large supply of water, especially tube-wells, in tracts where such wells can be sunk with advantage. It is not possible for individual agriculturists very often to undertake the cost of a pumping installation, but there is no reason why a number of them should not combine for the purpose. The idea is already catching on in some of the western districts, example—Bulandshar, and although the pioneer work there in this direction is being performed by credit societies I hope in near future societies in the sole object of the supply and distribution of water from wells will also spring up.

Conclusion.

I shall conclude this article with a few remarks on the subject of Co-operative distribution in towns or urban areas. So far our efforts in this direction, at least in the United Provinces have not been crowned with any great success. We have experimented with stores for the supply of raw materials for some particular trade, *e. g.*, yarn for weavers. We have also experimented with general stores of different types, supplying mainly articles of everyday consumption among the middle class population. There are certain common difficulties that have to be encumbered in both kinds of organization. The stores have to compete with the bazaar trader or dealer. It has to be noted that the condition in the retail trade in India are radically different from those now prevailing in Europe. The petty trader in India generally has to pay very small rents and rates compared with his European brother. The whole family give their labour to the shop and in calculating profits the shopkeeper hardly ever takes into reckoning the wages of such labour. The business is handed down from father to son, and apart from the mutual faith that is engendered by this circumstance there is very intimate mutual understanding as well. On the other hand the organisers of a store have as a rule practically no business training. They are usually ignorant of the fluctuating conditions of the market and in nine cases out of ten they do not even know whence to secure their wholesale supplies. In distributive work voluntary service, which is our greatest asset in the credit movement, is inefficient and also the work is uninteresting and uninspiring to the workers themselves. A paid staff has to be employed and often proves dishonest as well as uneconomical. There is further the difficulty of credit sales. It seems to be an instinct with our people, whether rich or poor, educated or uneducated, never to pay cash if credit is to be obtained anywhere. All our earlier general stores started with a heavy handicap in the way of large credit sales; realisations, once credit has been given, are naturally far more difficult on behalf of a Corporation than of an individual. There is further the consideration of the large variety of goods that has to be maintained in a general store in order to attract customers. When fashions change, a good portion of the stock has to be scrapped. After careful inquiries and mature deliberations I have personally come to the conclusion that in general the margin in the price of articles of town consumption between wholesale and retail trade in Northern India is so narrow that the development of a Co-operative system of distribution is by no means an urgent necessity. I am free to confess that my view is not shared by all Co-operators some of whom have perhaps a better authority to speak than I have. But in the present economic stage in Northern India I would certainly predict failure in all Co-operative stores—unless certain main conditions are satisfied. The foremost among such conditions is that all sales should be in cash, so that the store will be saved interest on capital and also the trouble of collections on account of credit sales. The second condition is that the articles stocked should be more or less of a standard pattern not subject to fluctuations in demand on account of changing fashions. This condition is fulfilled only if the members are recruited from a more or less homogeneous body who band together for the common supply of standard commodities of good quality at a reasonable price. The third condition that I would insist on is that the members should devote a certain portion of their time to the business and not depend entirely on paid labour. If these conditions are fulfilled there is no reason why a co-operative store will not be successful. The members may not make large profits, but they will secure goods of a reliable and uniform quality which is after all the great desideratum in this part of India. Some promising stores on these lines have been started in this province in the last year or two among which I may mention the Lalimli Stores for the operatives of the Cawnpore Woollen Mills, the Mirzapur Stores for the middle class inhabitants of the town and the Hindu Boarding House Stores at the Macdonnell Hostel at the Allahabad University. Others of a similar type are likely to be organised in the near future, and it is hoped that the experience gained in these institutions will enable co-operative distribution to be undertaken on a larger scale and in a wider field in the Province.

Registrar's Circular Rl. No. 1874 dated 12th September 1916.

Societies for the poorer classes.

Co-operative Societies for indigent and depressed classes, persons, subsisting by daily labour like weavers, tailors, stone masons, brick-layers, rickshaw-wallahs, jutka-drivers, cartmen, cobblers, sweepers, scavengers, earth-diggers, domestic servants, Badgas, panchamas, etc., might be organised on the following plan, provided financing banks will concur in the scheme:—

1. It should be premised that the formation and maintenance of such societies is not only of economic value but is of the very essence of the co-operative spirit, and they, therefore, deserve to be encouraged by the co-operator as well as the philanthropist.

2. Such societies are generally deficient in assets, moveable or immoveable, and any attempt to bring the assets up to the "eightfold" basis only results in over-valuation. It has to be recognized that money advanced to such societies has to be specially protected against risks. Supervision is the only adequate protection, and with adequate supervision the risks may be reduced to *nil.*

3. Such societies may be organized in sets of three, a village being sub-divided into 3 societies if necessary. The members of each society should be absolutely of the same level and social position and perfectly known to one another. Of course the Societies should be on the basis of unlimited liability. Fifteen or twenty would not be too small a number for each society.

4. Money may be advanced to a Society at 8½ per cent. the financing bank paying 1 per cent. out of the 8½ per cent. towards supervision. Societies would advance money to individual members at 12½ per cent. per annum (2 pies per Rupee per mensem). Out of this 12½ per cent., 3⅓ per cent. (or ⅓ pie per Rupee per mensem) would be set apart for supervision. If Rs. 1,000 are advanced to a Society, 4⅓ per cent. —Rs. 3-7 per mensem would be available for supervision. Three such societies could combine to pay Rs. 10 per mensem to a common supervisor. Six such societies could combine to employ a supervisor on Rs. 20 per mensem. He should be a man of irreproachable character, incapable of levying any unauthorized contributions for his own benefit. The moment he levies a single anna of unauthorized contribution he should be dismissed. He should write up the accounts of such societies when necessary and prepare their monthly and annual accounts. He should visit societies in their villages. Any one who has scruples as to doing this is *ipso facto* disqualified for employment. He should of course instruct panchayats and members of the Societies in Co-operative principles and his work should be tested by the knowledge of those principles that the ordinary members who are not office-bearers attain under his instruction.

5. Existing societies for persons of these classes may be reconstituted in accordance with these principles. It is believed there are many Societies at present which are not properly supervised and which are in a critical condition, because they have been organized in the same way as agricultural societies with ample assets and immoveable security. All such societies should be reconstituted as early as practicable.

6. No dividend need be given in such societies but all the net profit should be appropriated to reserve. When the reserve is ample, conditions as to rate of interest may be relaxed and this is the proper dividend for such societies.

Assistant Registrars and Central Banks are requested to offer remarks on these suggestions. When the scheme has been approved by those concerned or the majority of them, it will be carried into effect.

SPECIAL BYE-LAWS INTRODUCED.

By the Puttur Co-operative Credit Society.

17. (c) *School fee deposits.*

(i) A person paying into the Society Re. 1 or its integral multiple *per mensem* for 7 or 14 years consecutively shall on the expiry of the 5th year, be entitled to receive annually the following amounts or their corresponding multiples till the end of the 13th or 16th year respectively :—

For the 6th, 7th and 8th years, Rs. 5 each year; for the 9th and 10th years Rs. 10 each year; for the 11th, 12th and 13th years Rs. 22 each year; for the 14th, 15th and 16th years Rs. 42 each year;

(ii) The sums so paid annually to the depositor shall be debited in the accounts as repayment of principal; and when the total amount paid to the depositor exceeds the total amount paid by him into the Society, the excess shall each time be accounted as interest paid to him.

(iii) These deposits shall be known as school-fee deposits as the annual payments made to the depositor coincide with the standard scale of fees in secondary schools.

(iv) Every school-fee depositor shall pay his monthly deposit before the end of the Calendar month to which it relates, failing which he shall be charged a fine of two pies per month or fraction thereof, on every rupee overdue. Should a school-fee depositor default for a continued period of four months, his deposit account shall at once be closed and he shall be paid back the amount actually paid by him less any amount that may have been paid back to him prior thereto. The Society shall be competent, however, to credit any such amount that shall have become payable to him towards any money due from him to the society.

17 (*d*) *Home-safe box deposits.* A home-safe box deposit is a deposit made by a person who undertakes to deposit at his convenience in a home-safe box any amount that he can spare and to pay the contents thereof into the society every month for a period of 12 months. Amounts paid to the credit of a home-safe box deposit account by the fourth day of a month shall carry interest from the beginning of that month ; amounts paid after that date shall carry interest only from the beginning of the next month.

The interest shall in each case be calculated at the rate of three-fourths of a pie per rupee per month. The total amount together with the interest accrued will be payable to the depositor in the 13th month. Interest shall *ipso facto* cease from the close of the 12th month. No interest shall at any time be allowed on fractions of a rupee. Every home-safe box depositor will be supplied with a pass-book free of charge ; a home-safe box with a lock will be supplied to him free of charge if he is a member or at a cost of four annas if he is a non-member. No transactions of any kind shall be effected in a home-safe box deposit account without the production of the pass-book and the home-safe box. A loss or spoilt pass-book or home-safe box will be replaced by another on payment of four annas. The key of the home-safe box shall be in the custody of the society and the box will be opened by the President or the Secretary of the Society in the presence of the depositor or his agent who produces it for the purpose of crediting the amount of the contents therein to the account of the depositor. The depositor shall, at the time of obtaining payment of the amount in his deposit account, return the pass-book and if he is a member also the home-safe box with the lock, to the society. Should a home-safe box depositor default for a continued period of four months his deposit account should at once be closed he shall be paid back the amount actually paid by him without the interest thereupon, his pass-book and if he is a member the home-safe box with the lock also being obtained back from him. It shall be open to the society to credit such amount towards any money due from the depositor to the Society.

AGRICULTURE.

FARM YARD MANURE.

DIFFERENT METHODS OF COLLECTING AND STORING.

The following article on the above subject by Mr. J. Chelvaranga Raju, appears in the Madras Agricultural Calendar 1916-17 :—

Farm yard manure as applied in countries where agriculture has advanced a good deal, consists of the dung and urine of the animals kept by the farmers and such vegetable refuse as may come from their sheds. In this Presidency, however, farm yard manure most commonly used is made up of the dung of the cattle mixed with refuse straw, etc., from cattle sheds and the sweepings and ashes from the house. The manure heap of the ryot consists of these and the ryot chiefly depends on this for growing his crops. This heap is very often managed in a careless manner being left open to be dried and burnt by the sun and washed by the rain. Such exposure does much harm as the most valuable part of the manure is evaporated under the heat of the sun and the soluble part of the manure is washed away in water during rains. By holding a piece of wet cloth, dipped in turmeric paste, for about 10 minutes over an open manure heap on a sunny day, one can see the yellow cloth turning into brownish colour by the strong gases escaping from the heap which may not be perceptible to the naked eye. The black coloured water running out of manure heaps after rainy days, indicate the loss of soluble part of manure from open heaps. It may therefore be said that in the majority of cases the ryot does not make the full use of the sources of manure that are open to him and neglects to take proper care in the preservation of the same.

Farm yard manure should consist of all the dung and the *urine* of cattle kept by the ryot and such other vegetable refuse as may be available to him. The ryot not only does not care to preserve the urine of the cattle for manurial purposes, but also treats the dung heap and the dung in a wasteful manner. More than two-thirds of the dung available is carelessly heaped up while the remainder is wasted and burnt as fuel. The cattle feed on the crops and plants raised on the ryot's land, and very nearly half of the solid matter consumed by them as food re-appear in the manure as dung and urine. Of these two, the urine is the most valuable one, as it is richer, containing larger quantities of nitrogen and potash, out of the three substances that are most important for the growth of plants. Though the dung of animals contains much of phosphoric acid, yet the nitrogen and potash cantained in it are less than what are found in urine. Besides, the fertilizing matter contained in the urine is largely in a soluble state while that found in the dung is not so. Yet the urine of ryot's cattle is neglected and wasted. Except in parts of South Canara and North Arcot Districts, no material of any sort is provided in sheds to absorb the urine of cattle. In South Canara cattle are housed in sheds and provided with leaves and other vegetable rubbish as bedding to absorb their urine. In parts of North Arcot the dried droppings of cattle are collected and dried in the sun, then powdered and are spread on the floor of the cattle shed as bedding with the express purposes of collecting urine in the dung that has been spread. In all other places, the urine is allowed to run to waste and soak into the ground, under the feet of the cattle and the place becomes saturated with urine, and as a consequence, the cattle sheds and its surroundings become foul. Thus, the non-collecting of urine is not only wasteful but also injurious to cattle.

The evil consequence enumerated above can be avoided if the ryot takes a little trouble in the housing of his cattle. Not only should the cattle be housed for the sake of making better manure but for the sake of their health as well. Three systems of housing cattle are generally recommended, *viz.*, loose box system, byre system and dry earth system. Different designs of cattle sheds at different costs with different methods of construction are adopted in several places. But it is necessary to bear in mind that improvements suggested to the ryot will not be very easily taken up by him unless they are economical ones. The methods which are adopted in the Palur Agricultural Station, which are simple and within the easy reach of the ordinary ryot are given below:—

General construction of the shed for housing working cattle at Palur. —A shed divided into compartments by partition walls resembling the common stable is built of mud and covered with ordinary thatched hipped roof which extends on the open side as well as the ends beyond the wall, leaving a verandah. The shed is practically open in one side and through this the cattle enter. The wall ends in this side with the manger. There are five compartments in all, three double ones in the middle, the end ones being singles. These compartments accommodate one or two pairs according as they are single or double. The external dimension of the double one is 23½ feet long and 14½ feet broad, while the single ones are 14½ feet long and 13¾ feet broad. In the double compartment two mangers are provided while in the single only one. A few upright stakes are driven into the ground about 3 feet from the cross or partition walls and split bamboos are tied horizontally to these about 3 inches apart. The floor of the manger is raised a bit so that the animals may not bend too much while eating and is neatly plastered with clay. In one of the side verandahs above referred to fodder for daily consumption is stored and chaffed. In the other there is a pit whose sides and bottoms are plastered with clay and this is reserved for the storing of dung and soil removed from the compartment where the dry earth system is observed.

1. *Loose box system.*—The floor of compartments in which this system is practised is sunk one and a half feet lower than the surface of the ground. The edge of the pit towards the side where cattle enter is slightly sloping to facilitate cattle getting in. The sides and bottom of this are plastered with clay. When the animals are not at work they are tethered in this, thus allowing them scope to move about and lie down wherever they like within the compartment. Every morning the animals are brought out and the dung voided the previous night is evenly spread all over the box and some litter or some waste fodder weighing about 5 lb. for each animal is thrown. Every drop of urine voided by animals is secured and this along with dung and straw makes an excellent manure. The manure is kept moist by urine and is compacted by the trampling of animals and there is no loss by solution as the box is water tight. This is removed periodically when the undecomposed layer on the top of the pit is thrown into the bottom layer.

2. *Dry earth system.*—In places where enough material for litter is not available, by adopting this practice a greater portion of the urine is obtained without running it to waste. In the compartment where this

is adopted a mixture of some river sand and soil is used to a thickness of about 3″ or 4″ instead of litter. Every morning the dung is removed to the pit reserved in one of the verandahs and the top layer of earth is raked over so that a fresh layer of dry earth is left in the top to absorb urine better. In the course of a month or so when all the soil becomes soaked with urine this is removed and spread over the dung collection and fresh soil is put into the pit. In this case, the compartment is not made lower than the ground level.

3. *The byre system.*—This is not adopted at Palur, and in this system the flooring should be raised a little higher than the surrounding level and this should be made compact and smooth with a gentle slope towards one side. Along the bottom of the slope a small channel should be made and this may be lined with tiles or plastered with cement. A tub or cistern should be placed outside the shed to collect the urine passing through the channel. The dung in this case should be collected and thrown every day into a covered shed having impervious bottom and sides. The urine collected from the tub should be thrown daily over the heap and the heap should be trampled now and then by calves in order that the manure may decompose properly.

The cost of constructing these sheds and materials used will depend on the locality. To the ryot most of the materials required will be available in his own land and he can spare some labour for its construction and the cost will not therefore be much. In several districts ryots do possess thatched cattle sheds and they have only to adopt the other points. An approximate cost of constructing such a shed for preserving manure on the box system at Palur is furnished below :—

	Description of the box.	
	Single.	Double.
Quantity of earth work including mud walls ...	775 c. ft.	1,025 c. ft.
Amount	Rs. 11-10-0	Rs. 15-6-0
Quantity of roofing	300 sq. ft.	480 sq. ft.
Amount	Rs. 21-0-0	Rs. 34-0-0
Other items such as manger	,, 2-6-0	,, 5-10-0
Total cost	,, 35-0-0	,, 55-0-0

THE
Madras Bulletin of Co-operation.

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NEWS AND NOTES.

We have made the current issue of the *Bulletin* a special Conference Number, giving in Appendix A all the papers submitted to the Fifth Madras Provincial Co-operative Conference held at Madras on the 22nd and 23rd December 1916 and the entire proceedings of the Conference in the body of the issue. Our practice hitherto was somewhat different not giving our readers the benefit of all the papers submitted to the Conference but only selections of the proceedings in the Appendix. While admitting that we are to some extent influenced by considerations of economy in making this departure we trust that our readers will appreciate the obvious advantages thereof. The Annual Provincial Conferences being the most important gatherings of the kind and dealing with a large variety of subjects, we have thought it desirable to give to the proceedings of December Conference the greatest possible publicity. Only one article is given in the original articles section in the body of the special number. But when it is remembered that no less than twelve original articles are appearing in Appendix A it will be readily admitted that we have not in any way encroached upon the privileges of our subscribers. In fact the bulk of the number is enough to prove that we have been more than fair to them.

The Provincial Bank.

The Government Order regarding the conversion of the Madras Central Urban Bank into a Provincial Bank is now before us and published elsewhere. The order will be quite disappointing to the co-operators of the Presidency who have the spread of the movement at heart. It is clear now that the existing shares of the Bank will be converted into a 9 per cent. preferential of Rs. 100 each, the amount to be paid for the extinction of each share being Rs. 160, the amount a share-holder would get for each of his shares if the bank goes into liquidation now. Ordinary shares of Rs. 100/- each for about Rs. 1,50,000 are to be floated now at par for societies and to be specially ear-marked for them alone. Sufficient steps have been taken as said in the G. O. itself to safeguard the capital and dividend of the existing shares. Even if the societies were given the full control over the management of the Bank now, it would be a very hard lot for them to work successfully at their expense for the extinction of the preferential shares at so a high a premium after paying a fixed dividend of 9%. In addition to these, such 'un-co-operative' elements as 'votes by proxy' and 'vote per share' which savour much of the spirit of joint stock concerns have been introduced into the new constitution as though the interests of the preference share-holders were insufficiently protected. The societies can have the right of vote only on the full payment of the shares taken by them. It will be very long before most of the member-societies subscribing to the new ordinary shares become its qualified members. It is quite inexplicable how the Government were pleased to consider the new Bank as modelled on co-operative lines, and co-operative in character—and as agreeing with the recommendations made by the Imperial Committee on Co-operation. Unless more scope is given for societies to participate in the management of the Bank, the change, as it is, will certainly not be welcomed by the Co-operators of this Presidency.

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The Madras Central Bank compares unfavourably with the one in Bombay in the co-operative spirit with which they both tackled the question of admitting societies in them. The Bombay Bank has not only accepted the principle of giving a predominant voice to societies in the administration, but in view of the present position of the primary societies which have taken very few shares in the Bank, have elected for its directorate Mr. Devadhar who is intimately connected with them to watch their interest.

* * * *

Some shares had been collected for the proposed Apex Bank. Meanwhile the conversion of the Madras Central Bank into such a one has been accepted by the Government. Considering the "unco-operative" nature of the new Bank, it is not clear whether it is advisable to use for the new 'Apex' the amount voluntarily paid by the societies in their desire to form a Central Bank of their own where borrowers like themselves would take part in the management as in other co-operative concerns.

The Mrdras Legislative Council.

Some important questions bearing on co-operation were interpellated in the Madras Legislative Council in November last, for which we thank the Hon'ble members concerned, especially, the Hon'ble Mr. Sadasiva Bhat, and the Hon'ble Mr. B. V. Narasimha Ayyar, who take much interest in the movement. The resolution relating to the appointment of an Indian Registrar always at the head of the co-operative department was very opportune and to the utter disappointment of the co-operators of this Presidency has not been dealt with by Government in the way it deserves. The reply made by the Government which may be found elsewhere in this number is as unsatisfactory as the case made out for the resolution is convincing. We are not concerned with the merits of the officers for the place. But what is really needed for the department is a Registrar who is thoroughly conversant with the languages of the people and who can by social intercourse with them identify himself with their modes of life, thoughts and aspirations. These are possible only if the Registrar is always an Indian. Moreover Indian officers with their experience in the co-operative work may work for the cause even after their retirement from service. We hope that the Government in the interest of the movement would be pleased to consider favourably the points raised in this resolution whenever a Registrar is newly appointed.

State aid to the Building Societies.

Of the fourteen resolutions passed at the last Madras Provincial Co-operative Conference, one relates to the Government of India's order refusing to grant state aid to the Building Societies registered under the Co-operative Societies Act and requests the Government to reconsider their decision. The *Local Self-Govt. Gazette* for October, 1916, has published a comprehensive article on this subject extracts of which have been printed elsewhere. This has been an important topic for discussion in almost all the co-operative conferences hitherto held, and they without exception have recorded their requests for State subventions in aid of these societies. It is a known fact that the cost of the building sites and of the building materials has risen to such an extent as to be beyond the reach of the poor and the middle classes. These people cannot take advantage of this kind of co-operative activity, unless loans are advanced to them for building purposes at a low rate of interest, say from 5 to 6 per cent. In such a case the building societies should get loans at a still lower rate of interest, say from 4 to 5 per cent., leaving a small margin of 1 per cent. for working expenses. The Central Banks cannot advance loans on such terms. But where is the money to be got from—if not from Government ? The importance of these societies can be inferred from the following passages in the welcome address delivered by Prof. K. B. Ramanathan, at the last Provincial Co-operative Conference—" Farseeing wisdom municipal and other will recognise that in the financial encouragement and proper working of the Building Societies lies the solution of sanitary problems of cities and villages".

A Rural Co-operative Laundry.

The November number of the ***Monthly Bulletin of Economic and Social Intelligence*** contains an interesting account of the working of the Chatfield Co-operative Laundry in the United States of America With a view to minimise the domestic duties devolved upon the women of the framer class, a Laundry has been organised at Chatfield under the Co-operative Laws of the state. The capital of the society is $. 5,000 (about Rs. 15,470) made up of 1,000 shares of $. 5 (about Rs. 15½) each. The local Co-operative creamery has been helping this Laundry by letting out its building for rent and supplying power and heat to the society, for which of course a reasonable charge is being levied. The equipment costs about Rs. 9,300 and can do washing that may fetch about Rs. 1,235 a week. " It is of the most modern type, comprising one-compartment and two three-compartment wooden washers, an extractor, a soap and a starch cooker, a fine roll mangle, two compartment drying rooms, various ironing machines and utensils a clip wheel-starcher, trucks, baskets and a standard scale. The washing is subjected to steam under pressure—disease germs being thus destroyed—and no chemicals whatsoever are employed but only the purest soap. "

* * * *

The society pays a dividend of 6% on the shares and a portion of the net profits is refunded to the members in the form of a rebate

which would be about 10% on their laundry bills. Washing is charged according to the weight, at about 1½ annas per lb and the average monthly cost of a family's washing comes to about Rs. 12½. The Laundry has been working so satisfactorily that a farmer's wife, one of its customers, is said to have written, " In the conservation of mothers on the farm, rural co-operative laundries rank first, in my opinion. Having had 25 years' experience as a farmer's wife, I can say that I have taken more comfort the last three years than ever before because of having dispensed with the washing and ironing. This change gives one two days of recreation that I can call my own every week and also gives me more time in which to accomplish the household duties. I have never had cause for complaint, as all articles come back in good condition and I see no reason why the work is not as satisfactory as that at house, if not better. . . . The men on farms have sane ideas about the Laundry as a labour saver, and are proud of the fact that by milking a few extra cows to compensate for the outlay, they are doing their share to help lighten the household work. "

Industrial Co-operative Societies in Mysore.

Mr. Alfred Chatterton, Director of Industries and Commerce in Mysore, gives an interesting note on the " Industrial Co-operative Societies " in the ***Mysore Economic Journal*** for May 1916. He points out clearly how a very large amount of experimental work has to be done before any Industrial Co-operative Society may hope to thrive in India. The want of success of some of these societies, he attributes to the work undertaken by them being more of a commercial than of an industrial character Although many Weavers' Societies have been started in Mysore for the wholesale purchase of raw materials and for marketing the goods produced by them, the material condition of the weavers has not yet appreciably improved. * *

Two state aided Co-operative Societies, one at Bannoor, and the other at Sabbenahalli which have been using such machinery as rice mill and sugarcane crushing plant for preparing agricultural products for the market have been at work for a sufficient length of time " to afford some indication of the difficulties which will have to be overcome before they are completely successful. "

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Though no substantial progress has been made yet on industrial co-operation, Mr. Chatterton is optimistic as to its ultimate success and writes: "Besides these two installations, several more have been sanctioned and funds provided for their development; but as yet, they have not actually started work. It is obvious, however, that similar problems will arise in their case. In view of the amount of supervision which these societies require, it is not advisable to attempt to increase their number at all rapidly. The experimental stage has just begun and several years will have to elapse before it can be said that any society has been successfully established. As to the utility of these Co-operative undertakings, there cannot be the slightest doubt; and the future welfare of rural India is likely to be largely dependent upon their successful development. It is therefore worth while spending both time and money in attempting to solve the problems which rural industrial undertakings present when it is attempted to work them by co-operative agency."

Papers contributed to the last Provincial Conference.

There were in all twelve papers contributed to the last Madras Provincial Co-operative Conference, of which some owing to their peculiar characteristics deserve our special attention. One of them is on 'Societies for Panchamas'. The condition of Panchamas is everywhere generally deplorable. Although almost all of them live from hand to mouth, they can maintain themselves comfortably and without any difficulty lay by something out of their earnings, provided they are not worried by their prior indebtedness which has now become chronic with them. The wily sowcar who trades upon their illiteracy and credulousness watches the proper time to advance loans to them, at a rate of interest, which is so high that many of them are unable to discharge it during their life time. As they have very little credit to fall back on, ordinary co-operative societies would not do for them, and societies like the one mentioned in the paper may be organised with advantage in the Panchama hamlets, of course with modifications which local conditions may specially demand.

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The paper on "Honorary work in Co-operation" which is more or less a plea for the appointment of Honorary Assistant Registrars in this Presidency will be found very useful. A question bearing on this was put by one of the Hon'ble members in the last meeting of the Madras Legislative Council, and the Government have promised to consider the matter favourably. We hope that the Goverment would take early steps to try the experiment of appointing Honorary Assistant Registrars in selected areas.

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The instructive paper on the "Improvement of the Tanjore Delta by Agricultural Co-operation" shows how the Tanjore Delta may be made more fertile, if the people care to carry out the instructions of the Agricultural Department, especially "in single seedling of paddy, green —manuing of paddy land together with an application of bone meal, or superphosphates". The Tanjore District Manure Society has been started to gather up necessary manures for the preparation of bone meal and superphosphates and to sell to the members the finished products at very low rates. It is hoped that similar societies on the above lines may be organised in other districts suitable to their needs.

Co-operation in Travancore.

Within a year of the advent of the Co-operative movement in Travancore, good progress has been made in the organisation of societies and in their variety. In spite of the difficulties of the Marumakkathayam law which affects the majority of the population and by which individual credit much essential to the movement becomes lowered, and in spite of the seclusion of their houses which will retard considerably the growth of credit, it is highly commendable that as many as 26 societies have been organised, of whichone is a Central Bank, sixteen are agricultural credit societies and two are weavers' societies. Of the remaining 6, four are distributive societies. The important feature in the constitution of the Central Bank which has been organised specially to finance the other Co-operative Societies is representative in its character and already 16 societies have been affiliated to it. The success of this Bank may well be inferred from the following lines of Prof. Giovanti Lorenzoni, General Secretary to the International Institute of Agriculture at Rome: "you have been successful in equipping the country with a complete organisation in as much as you have formed a Central Bank in addition to the local societies. In other countries the desire for a similar institution affording local societies the necessary stability, is still unfulfilled. The organisation carried out in the Government of Travancore therefore may be quoted as an excellent example of what is to be achieved, and we propose to insert a short article in one of the early numbers of the International

Review of Agricultural Economics, in order to make this successful initiative widely known."

Chinnagadlavarru Rural Credit Society.

The progress made by Chinnagadlavarru Rural credit Society is quite appreciable. This society was started on the 8th December 1910 and has completed the 6th year of its existence by the end of June 1916. At the end of June 1916 the Society had 97 members; during the year under report 29 new members joined it, and 2 were removed leaving a total membership of 124 by the end of June 1916. Of this number 12 are Brahmins, 15 are Kshatriyas, 1 Vaishya, 33 Kammis, 2 oil mongers, 2 weavers, 1 shepherd, 2 potters, 45 earth diggers and 7 panchamas. Of the total number of members 75 are agriculturists. The members belong to the three villages of Chinnagadlavarru, Pedagadlavarru and Manduru. The number of shares taken by members has increased during the year from 533 to 616. It is now proposed to rise the value of a share from one rupee to Rs. 5 to be paid up in 5 years. The by-law has been suitably amended and sent to the Assistant Registrar for sanction. The reserve fund amounted to Rs. 345—15—0 by the end of June 1915. According to the new methods of calculating profit as recommended by the Imperial committee of Co-operation, the society will be said to have worked at a loss last year. The reasons for this are stated in the Assistant Registrar's audit order.

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It is expected that the society will endeavour to show better progress this year.

PRESENT AND THE FUTURE OF CO-OPERATION IN THE MADRAS PRESIDENCY.

[BY A CO-OPERATOR].

I have the greatest respect for Diwan Bahadur R. Ramachandra Rao, both as a former Registrar of Co-operative Societies and as Collector. What Mr. R. Ramachandra Rao has recently said of the Hon'ble Mr. Dewan Bahadur P. Rajagopalachariar, I am prepared to say unhesitatingly of Dewan Bahadur R. Ramachandra Rao himself, *viz.*, "That the Co-operative department owes to him a debt the magnitude of which is being revealed more and more as time goes on." But I cannot allow Mr. R. Ramachandra Rao or anybody else, without quoting chapter and verse, to aver as he did in the *Hindu*, dated 21st August 1916, that the Government, the Board of Revenue and the co-operators of to-day are all labouring under a hallucination and a delusion, that the work done by them during the last five years is not only all wrong but foolishness and co-operative madness and that it has to be done all over again ; and that if they want to do the right thing, they must first retrace their steps. In other words, Mr. Ramachandra Rao published a most reactionary paper; and I have considered it my duty at this critical time to warn co-operators that they should not be led away by such a reactionary utterance even though it has proceeded from so high an authority. I owe it to the reputation and the stake, I do not hesitate to say, the "financial stake" and the "financial reputation", of the co-operators of the Presidency, to proclaim, when the need for it arises, that their ideas of co-operation are not nebulous, but based on good, solid and sufficient reasons.

The issues raised in Mr. Ramachandra Rao's paper are as simple as the charges laid by him at the door of the societies and their delegates are unfortunately grave and alarming. Of the former, the societies, he says:—

"If societies are shareholders will the deposits come in freely? "Societies are impersonal. What will be the effect of admitting "societies as shareholders? Ultimately the arithmetical significance "is the getting of the working capital at a little less than $7\frac{1}{2}$ per cent. "One method has been tried and found successful; keep it on; there "is no object in trying other methods." Of the delegates he says:—

"They will send the delegates, inspired prophets, zealous co-operators, for whom I have very great esteem. *But* none of them are business-like: the very fact that they are co-operators and slacken on occasions on account of sympathy, unfits them for business management. *Further* being delegates their personal enthusiasm cannot be great. *And most of all* the financial stake and reputation of the co-operative heroes in this presidency is not such as to bring money rolling in." Three distinct charges are brought against co-operators, lack of business capacity, lack of enthusiasm, lack of credit. What have they?

Co-operators will take their stand on these words, hard words but deliberately penned: they will expect Mr. R. Ramachandra Rao to prove the charges to the hilt: otherwise he will have to be put on one side as a biassed, prejudiced and one—sided critic, who according to his own confession can view a question only in one way.

There are three different topics dealt with in Mr. R. Ramachandra Rao's paper:—(1) The Madras Central Urban Bank, (2) The District Banking Unions, and (3) the Provincial Bank. These Institutions are typical of the past, the present and the future, respectively, of co-operation in this Presidency. They are admirably adapted for a survey of the entire movement in the Presidency, and a friend of the movement could not possibly do better than regard the past with *charity*, the present with *faith*, and the future with *hope*. Mr. Ramachandra Rao has unbounded affection, esteem and veneration for the past--I do not yield to him in this respect—but he condemns the present with a sweeping condemnation, and he views the future with so much doubt as to fill every one with alarm and dismay.

For the present I regard the position and prospects of the Madras Central Urban Bank as a subject not for discussion. It has declared itself non-co-operative; it has deliberately cut itself from its co-operative moorings, and it is perhaps about to enter on a voyage of discovery and adventure. All co-operators must wish it success: it has been their friend in the past, it supports a good many societies at present, and in the future as Mr. Ramachandra Rao says, "In case the new bank is not successful the old bank may keep the co-operative movement progressing not being involved in the failure of the new bank."

But everybody is intensely concerned with the present conditions of the movement. Mr. Ramachandra Rao would not let us have a present, as distinguished from the past. He means as much when he says "*One method has been tried and found successful: there is no object in trying other methods.*" We are not left in the dark as to the method which has been found to be successful: it is to keep finance and co-operation apart; strictly apart as religiously apart as religion and business; as philanthropy and money-lending; as fanaticism and money making; as heaven and earth. That is quite clear, but it is not equally clear that if Mr. Ramachandra Rao had been Registrar still, he would have kept on this method and would have done nothing else. What he might have done, it is idle to speculate; but we know what has actually been done and we may rest assured that in the doing of it the present Registrar has not been alone, but that the majority of co-operators were with him as the following narrative will show shortly.

After the passing of the new Co-operative Societies Act II of 1912, and before the Madura-Ramnad District Banking Union was registered, a meeting was held at Madura which was largely attended and which was addressed, by among others, Mr. Rao Bahadur G. Srinivasa Rao and Mr. Rai Sahib K. Ramaswami Iyer. Mr. Ramaswami Iyer spoke about Co-operative ideals, about one ideal in particular, namely, about societies governing themselves and financing themselves. When everybody looked suspicious about the financial side of the undertaking, just as Mr. Ramachandra Rao is still suspicious, Mr. G. Srinivasa Rao got up and said that his Permanent Fund would find the money. On this assurance, the Madura-Ramnad Banking Union was registered on 28-6-1912. The registration was followed by a hailstorm of condemnation. One gentleman, writing in the *Bulletin*, predicted an early collapse of the new sentiment and Mr. Ramachandra Rao himself in his paper, contributed to the first co-operative conference at Madras, dated 21st and 22nd December 1912, said without the slightest hesitation that the opening of the Madura-Ramnad Bank was a mistake. He is so far consistent that he says so still in his last paper dated 21st August 1916. Very few co-operators at the time durst look at this new Banking Union without fear and trembling; they as it were buried their heads in the sands like an ostrich, but when they lifted their heads again, the supposed monster had been licked into shape and was getting on comfortably. Its subsequent history has been one of progress. When Sir V. C. Desikachari last referred to it on 12-8-16 it was no longer to predict its failure, but merely to complain that that Union had taken the pick of the societies and left the worst for the Madras Central Urban Bank and he blamed the department for having made the selection. The Department is innocent of the charge. The Registrar seldom interferes in the internal management of this Banking Union, and there was no need to give him either praise or blame for the Union having secured the best societies for its *clientele*.

This Banking Union then was a good thing but perhaps it was a lucky endeavour. Before people had recovered from the shock, the Tanjore District Banking Union was registered at Kumbakonam on 8th February 1913. It was registered by the Assistant Registrar, the late Mr. Rao Sahib K. Vijayaraghavachariar ; and the financial sponsor was the Hon'ble Rao Bahadur V. K. Ramanujachariar, whose Union Bank at Kumbakonam did for the Tanjore Banking Union at the start the same yeoman's service as Mr. G. Srinivasa Rao's Permanent Fund at Madura had done for the Madura Banking Union. Mr. V. K. Ramanujachariar was a tried public servant for 30 years : he is a hard-headed man of business, the sworn friend of economy, the sworn enemy of speculation, and his sponsorship gave everyone concerned the necessary assurance of stability for the new Banking Union at Kumbakonam.

The third venture in the direction of a District Banking Union,—for the infection spread rapidly—was at Puttur in South Canara District. Here Mr. Ramachandra Rao's metaphor was perhaps literally true and the Puttur Banking Union was in a sense built from the roof downwards. At any rate, when Mr. Shiva Rao first imagined a District Banking Union for the South Canara District, there was only a gilded roof, but no walls or foundation ; for in 1911, there was a single co-operative society in all South Canara District and that was at Puttur, the home of Mr. Shiva Rao. But Mr. Shiva Rao was already in 1911 dreaming of a District Banking Union and in that dream perhaps he also dreamt of a Provincial Bank. I suppose it is permissible at least in imagination to build from the roof downwards, as Mr. Shiva Rao did. He did not tell any one at first of his secret longing for a District Banking Union ; it would have been hardly considered save at the time.

But when the first half a dozen societies had been started in South Canara District and there was no District Bank or Central Bank willing to finance them the desire for a separate District Bank for the South Canara District seemed reasonable. Mr. Shiva Rao or rather the group of men who very early pledged themselves along with him to the task —traversed the District in all directions and organised societies. Outside the District very little is known as to how most of the societies were organized and in what hopes of finance they were started, for no district bank was willing to finance them. The co-operation as well as the finance was in this case a veritable mystery ; and we can only say that the societies in South Canara are autoethonous, sprung up from the earth like the warriors of Cadmus. We know still less on what assurance the District Banking Union was organised at Puttur—no nidhi or permanent fund was working there, and there was no president of such a fund to stand god-father. It was registered on 30th November 1913. We need not enter into its subsequent history. It must be doing well, because it has been dunning the Registrar of late to find an outlet for its surplus funds and it was as much from self-interested as from co-operative motives that that Union employed Mr. Shiva Rao to float a prospectus for a new provincial bank, which should receive its own surpluses as well as the surpluses of other central banks.

We have not done with Banking Unions yet ; but we may pause here and review so far the new situation. In all these Banking Unions, there are individual shareholders and society shareholders ; but neither in a meeting of the committee of management nor in a general body meeting of the Union can any one ever tell who are the individual shareholders and who are the delegates of society shareholders. Not only is it *not* the case that business capacity and alertness are written on the face of the individual shareholders and impersonality and financial embarrassment on the face of the society delegates, as imagined by Mr. Ramachandra Rao, not only are there no two camps in such unions divided by irreconcilable interests, as supposed by him, but, absurd to relate, the persons present do not themselves know whether they are there in their individual capacity as shareholders or in their representative capacity as delegates of societies. It is so at Madura, it is so at Kumbakonam, and it is so at Puttur. A is a member of a rural society which has sent him as a delegate to the general body meeting of the Banking Union, but A is also a shareholder in his own individual right and he suffers from no qualms of conscience as to whether he should vote with the individual shareholders or with the delegates. As for enthusiasm this much is certain. If A was an individual shareholder he would not be there but would have gone to his club or out for a drive, but he is a society's delegate and he has to give an account of his stewardship at the next general meeting of that society; so he attends and votes as a delegate. Then as to capacity for business, every rupee in a Banking Union's budget has to be passed by the Union's General Meeting, whereas a big individualistic bank the other day voted away some thousands of Rupees for a particular item, and not even the Directors were conscious of the necessity or the reasons for that item. After such examples, one may well ask who are likely to be impersonal, the individual shareholders in an individualistic bank or the delegates in a District Banking Union. The cleverest thing done by Mr. Ramachandra Rao, according to his own showing, was to keep co-operation and finance strictly apart. His pupils the co-operators will be sorry to confess that they have constantly confounded the two together. Under the spell of District Banking Unions, financiers and delegates are to be seen "rolled in one another's arms", like boxers, the financier in the throes of co-operation, the co-operator in the grip of the financier, both interlocked so inextricably that neither knows who is financier and who is co-operator. Mr. Rao Bahadur Y. Narayana Rao, speaking the other day at the Madras Central Urban Bank meeting on 12th August 1916, said that in Madura one legal gentleman who figured at the Banking Union's general meeting as the representative of a rural society, was to be seen for the greater part of every day in the month, driving through the thoroughfares of Madura. Mr. Ramachandra Rao will admit that there at least is unequivocal testimony from Mr. Y. Narayana Rao that the interests dividing the two camps are not irreconcilable. In fact, this oneness and community of interest between the primary societies on the one hand and the individual shareholders on the other is the very stuff of which our dreams called Banking Unions are made of. And these dreamers not only bring deposits and money rolling in, but a Banking Union has occasionally a surplus rolling out, for dealing with which they are now clamouring for a Provincial Bank. And what do these delegates do at their periodical meetings? Mr. Ramachandra Rao imagines they must be

"voting solid" for reduction of the rate of interest. I am sorry to have to contradict him flatly: for what these Banking Unions have actually done of late is to raise the rate of interest payable by the primary societies practically from 7½ to 8 per cent. in order that the extra half per cent. may pay for supervision. An ounce of fact is worth more than a ton of theory!

We may resume the history of Banking Unions in this Presidency. The next clamour arose from the Chingleput District with its (at the time) 200 societies (now there are nearly 300). By this time, the attention of Government had been drawn to the fact that certain Districts Banks had been working with inadequate share capital and they laid down a rule that the Registrar should see that each new District Bank was started with an adequate paid-up-share capital. On this ground, the Registrar withstood for two years the clamour of the Chingleput Societies for a District Banking Union and finally registered it only on 22nd May 1915.

Moreover, there was another difficulty to be solved in the Chingleput District. It was the difficulty of supervision. Mr. Ramachandra Rao does not refer to work done under supervision except when he alludes to unions of societies undertaking supervision partly with the help of contributions by societies and partly with the help of contributions by the Central Bank. But he is evidently unware that concurrently with his method of supervision, other methods are being tried successfully. Mr. Ramachandra Rao's plan has been so far as followed that 20 unions with 400 societies affiliated to them had been registered by 30th June 1915, and half the number was added during the year ending 30th June 1916. Still the formation of local unions is slow work, and their education in the duties incidental to supervision is a laborious process. More than half the total number of societies in the Presidency are still outside the pale of local unions and to complete the net work of unions, hundreds of societies will have to be organized to fill up the interstices. When all is done, the system initiated by Mr. Ramachandra Rao of levying contributions from primary societies and central banks leaves the unions with insufficient funds for carrying on the entire work of supervision. Hitherto, the Government Inspectors have been working side by side with Union Supervisors, because, the latter were men who had been selected more with a view to local influence than to educational qualifications. Government now very properly insist on educational qualifications. To provide such men with decent pay or prospects, more money is required than unions have been able to raise under the original local union system. The present system which has been accepted by societies is much better, *viz.*, that they should contribute 8 annas per annum upon every Rs. 100 borrowed by each society, with a limit of Rs. 150 per annum in the case of any primary (agricultural or non-agricultural) society.

Properly speaking, whatever contribution societies pay for supervision, an equivalent amount should be contributed by Central Banks which are equally interested with the primary societies in the supervision of the latter. But Central Banks have hitherto, as stated by Mr. Ramachandra Rao, been contributing only 4 annas per cent. on the amount of loans issued by them to societies affiliated to unions. Even the 4 annas per cent. is a heavy charge for those District Banks which borrow any considerable portion of their working capital at 7 per cent. Until District Banks are able to contribute to the Supervision Fund at the same rate as Primary societies, that is, until the former can raise their working capital at less than 7 per cent. the question of supervision cannot be said to have been satisfactorily settled. That is the arithmetical significance of a reduction of the rate of interest, the value of which is called in question in Mr. Ramachandra Rao's paper.

In the area financed by the Madras Central Urban Bank, there was a difficulty of a different kind. That Bank is not in a position to supervise its client societies directly owing to the large area covered by its operations, but it is in a position to contribute a satisfactory sum to any Banking Union or District Supervising Union that is willing to arrange for the supervision of all societies financed itself in a particular District. Now it has always been an open question what should be the relations between the Madras Central Urban Bank and a newly started District Bank or District Banking Union in a District hitherto financed by the Madras Central Urban Bank. The simplest arrangement would appear to be that the Madras Central Urban Bank should assign the bonds in its favour in that area to the new District Bank and give the latter a rebate out of the interest claimable on Societies' bonds. The Madras Central Urban Bank was willing to give a rebate of one half per cent. (one fifteenth of the income from interest) to the District Banks at Madura and Masulipatam (registered on 17-1-1915) provided the

tter would take over the indebtedness of societies in those Districts. at the District Banks in question wanted a larger rebate and the gotiations broke off on this account. Since then, the practice has been r each District Bank to pay off as it came in possession of funds the bts due by societies in its area to the Madras Central Urban Bank, d this procedure of course gives the District Bank the chance omplained of in Sir V. C. Desikachari's speech) of redeeming the bts of the good societies and leaving the rest alone until the Madras entral Urban Bank sees its way to grant better terms.

When the Chingleput District Banking Union was formed last ar, a middle course was adopted in regard to supervision and rebate, cause the Madras Central Urban Bank would not assign bonds to it en at 7 per cent. until it should have a lakh of Rupees as paid up are capital. Finally the Madras Central Urban Bank agreed to ant to the new Banking Union a direct subvention of one-fifteenth the interest collected by the Union for the Madras Central Urban ink and also agreed to lend money to the Union at 7 per cent. terest, the Union being free to borrow elsewhere at a lower te of interest after giving notice to the Madras Central Urban ink. The total indebtedness of primary agricultural societies the Chingleput District to the Madras Central Urban Bank now nearly Rs. 11 lakhs and the District Banking Unions ould earn Rs. 5,500 as rebate for supervision, but as it pays f debts due to the Madras Central Urban Bank the rebate will oportionately decrease in amount. This kind of rebate is also provided for in Mr. Ramachandra Rao's District Federal Bank scheme, it that scheme does not provide any remedy against the gradual reduction in the amount of rebate.

In order not to interpret this general account of the formation of istrict Banking Unions, it may be mentioned that in the course of the present year (February 1916 and July 1916) the Tenali District Bank and the Coimbatore District Bank have agreed to convert themselves into District Banking Unions, giving shares and votes to societies and last year the Masulipatam District Banking Union was registered, (17-1-1915) bringing the total of the District Banking Unions to eight out of ten. Salem District Bank is willing to admit Societies as shareholders and Trichinopoly Bank is the only District Bank now left to be converted. Such is a brief survey of the present condition of District

Banking Unions in the Madras Presidency. It represents the continuous work of 5½ years on the part of all concerned, co-operators, Government, the Board of Revenue, Registrar and Assistant Registrars but chiefly the co-operators. To ignore all this work or to include it in one sweeping condemnation, that it is a wrong step, or to call upon all concerned to go back to the old method seems to be little short of an outrageous proposal, whoever it may emanate from.

Then as to the future, I do not believe in astrology, anymore than Mr. Ramachandra Rao does ; and I consider that the only basis for a rational prediction of the future is a careful survey of the present as well as of the past. Though we are all equally ignorant of the future, I am sure that one who argues only from conditions which obtained 6 years ago, as Mr. Ramachandra Rao has done and ignores the present altogether as he has also done, is not so well qualified for forecasting the future. This is my only quarrel with him as regards his estimate of the merits of the new Provincial Bank. That he doubts its success is natural : who has not doubts and anxieties as regards the future ? But the present inspires me and the District Banking Unions with hope for the future of the Provincial Bank : whereas Mr. Ramachandra Rao thinks that we are building from the roof downwards, ignoring the foundations and the walls which have been laid down in the past 5½ years.

I am afraid that his ill-considered judgment of the present, which involves a judgment of the policy of everybody who has had to do with co operation in this country from the Government of India downwards during the last 5 years, entails, as a logical consequence, the crude judgment passed by him on the prospects of the new Provincial Bank but I hope co-operators will, as he says " realize the position " and think better of their own qualifications and the probable success of their endeavours.

PROGRESS OF CO-OPERATION IN INDIA.

CO-OPERATION IN BOMBAY.

Under the auspices of the Bombay Co-operative Housing Association, Mr. R. B. Ewbank, Registrar of Bombay Co-operative Societies, read a paper at the Improvement Trust Offices, when the Hon. Mr. J. P. Orr presided.

Mr. Ewbank, in the course of his interesting lecture, said the object of co-operative housing schemes on the co-partnership model is to enable the middle classes to secure dwellings for themselves in reasonably pleasant and healthy surroundings at a rent which is not beyond their means. Co-operative housing schemes are still unfamiliar to India, and no general and spontaneous demand for them can be expected without much propagandist labour. If one or two members of a community conceive the idea of forming a housing society, their first step must be to find associates in their plan and to get them to support it in earnest. Those classes which are suffering most from high rents or congested quarters, or amount which the spread of modern education has roused a keen desire for better conditions of life, are the most likely to throw themselves zealously into such a scheme. Before any action is taken, the first step should be to discover a nucleus of persons who are ready to give time and money in order to secure the sort of houses they require.

The particular type of co-operative housing here recommended is known as Tenant Co-partnership. It has been tried in England with great success, and the experience gained there is worthy of study. Tenant co-partnership is intended to meet the needs of those persons who are not in a position to purchase or own an indepedent house. The members join together to own a house or houses in common, each tenant advancing in the form of share money a part of the cost of the house in which he resides, the balance necessary being raised by the society in the form of loans or debentures. The houses built by the society are owned jointly by all the members not individually by any of them, and are therefore kept up well. The landlord's profit is abolished and rent is fixed on the lowest possible scale, and not liable to be raised by competition. Although a member is part owner of the house in which he lives, he is not tied down to remain in it, and may in his departure realise the amount invested by him in the building from the incoming tenant or from the society. His shares may be transferred by sale to other members and his loan stock may be sold to outsiders.

The site chosen for the society's buildings will, as a rule, be in the suburbs where more open spaces are available and ground rents are lower. In selecting the site the provisional committee should attend firstly to the scale of ground rents prevailing in the neighbourhood, and secondly to its facilities of access. The locality should be well served by trains or trams and cheap fares should be available, so that the extra cost of transit to their place of work should not more than counterbalance the saving effected by members in their rent. Thirdly, the proximity of a suitable market should be noted. Fourthly, educational facilities should be available for the children of residents. Fifthly, the site should be as healthy and open as possible, while the distance of dispensaries, parks, libraries, public gardens, etc., deserves attention. Sixthly, if a considerable area is taken up by the society, the possibility of getting the Municipality to open up the site with new roads and a good lighting system should be considered. Of all these points, however, ground rent is in big cities by far the most important, and should be the determining factor in the final selection.

Ways and Means.

Capital has to be found for the buildings themselves and their fittings, the out-houses, the compound walls and gates, the laying out of the gardens, paths, etc. The members of the society will not be rich men, and it will probably be exceedingly difficult for them to find the money needed. The ways by which they can secure it are:

(1) Entrance fees and paid up share capital. Generally it will be found convenient to the members to pay up the shares by instalments within a year; and it would be well if instalments were collected and accumulated for at least 6 months before the buildings were taken in hand. To encourage members to pay up their shares fully in one instalment, it would be legitimate to offer such subscribers first choice of occupancy.

(2) By the issue of loan-stock to the public. This stock may be secured on the property of the society and may be held by non-members.

(3) Loans or deposits on moderate terms of interest from the public or well-wishers or sympathetic co-operative societies. The society would not ordinarily be in a position to pay these off at short notice, and should arrange that they shall be fixed for at least five years.

(4) Loans for long terms at favourable rates from Municipalities (as is done in Europe), or other public bodies interested in the housing question.

The share-capital will be the basis of the security which the society has to offer and should from the commencement form at least one-eighth of the total capital raised. In order to reduce initial capital expense, societies are advised not to purchase their building site outright, but to take it from some public body (*e.g.*, Improvement Trust or Town-planning Committee) on a 99 years' lease with an annual ground-rent. At the same time it is not recommended that in order to reduce the initial out-lay, the society should curtail the area taken by it on lease too much. The land left open round the buildings should

be at least equal in area to that built upon, and reciprocal agreements should be entered into with neighbouring landlords that they will not build right up to the edge of their plots.

Not only must the committee arrange to raise its initial expenditure, but it must make a careful forecast of the annual expenses and be prepared to meet them. The main items would probably be (a) ground-rent, (b)municipal taxes and water rates, (c) repairs, (d) sinking or reserve fund, (e) fire insurance, (f) contingencies, including lighting of passages and compound, garden, stationery, etc., (g) interest on loan-stock, loans, and deposits, (h) dividends on shares, (i) repairs and (j) working margin. The whole of these expenses must be met out of the monthly rents paid by members, and these must be so calculated as to equal the recurring expenses and to leave a working margin for errors in the estimated or for rooms standing vacant. The top floor will generally be more desirable than the bottom in big towns, and it will usually be desirable to graduate the rent charged in a tenement building according to the floor occupied.—*The Times of India.*

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CO-OPERATIVE SOCIETIES' SECRETARIES' TRAINING CLASS UNDER THE AUSPICES OF THE SERVANTS OF INDIA SOCIETY (BOMBAY BRANCH).

At the instance of the Registrar of Co-operative Societies, Bombay Presidency, a Class to train the Secretaries of Co-operative Societies, in Bombay, Deccan and Gujrat, had been organised this year by the Servants of India Society, Bombay, and was conducted in the Society's Home in Girgaum, Sandhurst Road, from Wednesday the 23rd of August 1916 to Wednesday the 30th of August 1916 both days inclusive. The Class met in the morning 8 to 10, afternoon 2 to 5 and at night from 8 to 10-30 and worked under the direction of a Provincial Committee with Mr. G. K. Devadhar, M. A., as Chairman, and Messrs. Joshi and Thakkar as Honorary Joint Secretaries; and in order to meet the expenses of the secretaries and other charges for conducting the *Training Class* in Bombay, the Registrar had provisionally promised to contribute a sum not exceeding Rs. 400. The course consisted of (*a*) twelve lectures on useful co-operative subjects in Marathi and Gujrati by members of the Provisional Committee, the Assistant Registrar, Co-operative Societies and Auditors of the Department, Messrs. Core and Setna, (*b*) half-a-dozen teachings illustrating the different processes of work, (*c*) visits to places of agricultural and co-operative interest in Bombay such as (1) Cotton Mills, (2) Go-downs of agricultural machinery and implements, (3) Grain Markets, (4)Onion and Potato Depots, (5) Docks, (6) Cotton-green, (7) half-a-dozen Co-operative Societies in Bombay, (8) The Bombay Central Co-operative Bank and (9) The co-operative houses in Camdevi, (*d*) these visits were followed by talks or short discourses on subjects connected with them by experts. At the end of the course was an examination written and oral of the students attending the Training Class and those who obtained 50 per cent. of marks were awarded certificates by the Registrar who had agreed to be present almost throughout the whole course. No fees were charged for attending the class. The following gentlemen constituted the *Provisional Committee* :—(1) Mr. G. K. Devadhar, M.A., *Chairman* ; (2) Rao Bahadur S. S. Talmaki, B. A., LL. B. ; (3) Mr. N. S. Kaushik, B. A. ; (4) Mr. V. H. Gonehali, M. A. ; (5) Mr. Vaikunth L. Mehta, B. A. ; (6) Mr. Harischandra Vishram Rajwadkar ; (7) Mr. N. M. Joshi, B. A., *Joint-Hony. Secretary* ; (8) Mr. A.V. Thakkar, L.C.E. ; and (9) Mr. C.S. Deole, B. A., *Treasurer.*

A COLLECTING SAVINGS BANK IN MYSORE

The Mysore Government are commendably keen upon promoting the welfare of the people, and of late they have been evolving various schemes for making them healthy, wealthy and wise. Some of the schemes are strikingly novel, but the most remarkable scheme of all is a scheme that has just been promulgated in a G. O., by which a "Collecting Savings Bank" is to be started in Bangalore City as an experimental measure. In Bangalore City there is a Government Savings Bank at the District Treasury ; but it can scarcely catch the small depositor ; for a man who wants to put in or take out a few annas is not likely to care to go to such an important office and wait perhaps for a long time till his small business has been attended to. The Mysore Government have therefore conceived the idea of instituting a Branch Savings Bank, which shall go round to the people's doors, in the person of a "Collector", to take their deposits. In the words of the Mysore Government, "the establishment of a Branch Bank, styled the "Collecting Savings Bank, is deemed necessary, to afford the entire public full facilities to lay by their savings, however small, and thereby foster their habits of economy and thrift". The Collector is to be "an official of known probity and established character," who will not be disposed to put the collections into his pocket, instead of remitting them to the office ; and—so that there shall be no room for bogus collectors to go round in his name—he is to be provided with a distinctive uniform and a letter of authority. Apparently he is to be a combination of a savings-bank missionary, preaching the advantages of thrift in the home and in the factory and in the market place, and a tax-gatherer collecting self-imposed taxes of economy. The duties of the Collector are detailed in three printed foolscap pages. Some of these duties will be found interesting :—

The Collector will visit on specified days private residences of persons who require him to do so to deposit or withdraw money. He will also visit all small offices, institutions and factories, as often as possible and at least once a week, between 3 and 5 p. m. He will select for the purpose pay days in offices and factories as far as possible. He will be accessible to the public in the market or other

business places on days and hours to be fixed by the Deputy Commissioner. The Collector should invariably be in his uniform while on duty, and should be polite to all people who transact business and make enquiries, and he should issue pamphlets freely to all likely depositors. He should attend to the people with all possible despatch. He will be provided with a small box, duly locked and sealed, containing a slit to drop coins or notes brought by the depositors and the counterfoils of receipts given by the depositors and the counterfoils of receipts given by the Collector to the depositors for the moneys received from them.

We fancy that the Mysore Government is to be credited with the originality of the scheme, for we never remember to have heard of such a scheme anywhere else. It is certainly a case of banking made easy for clients, and we shall be glad to learn that the experiment has proved successful in fostering amongst the people "habits of economy and thrift."—*The Madras Times.*

A CO-OPERATIVE HOUSE BUILDING SOCIETY IN MYSORE.

At the last Dusserah Provincial Co-operative Conference, it will be remembered that one of the papers read referred to the necessity for a Co-opertive House Building Society. Such a Society has been actually brought into existence very early under a provisional Directorate consisting of Rao Saheb Chenniah, Subordinate Judge, Coorg, (President), and Mr. Srinivasa Rao and D. Rangaswami Iyengar (Honorary Secretaries), with a dozen others as members. The capital of the Society has been divided into 150 shares at Rs. 25 each, which must be paid for in 25 months. The object of the Society, as has been mentioned before, is that of providing house accommodation for the labouring and middle classes, whose condition in these matters of late has been sufficiently serious to necessitate urgent and adequate provision for their relief. At the same time, those of slightly higher social position will not be overlooked, and in addition to the scheme of assistance in the matter of rent-free houses where it may be reasonably applicable the Society, I understand, undertakes to advance loans to those who may wish to build for themselves. Houses will be leased to tenants who undertake to defray the cost of erection in a specified number of instalments, while further aid will be extended to those who can furnish security and pay interest at 7½ per cent. and liquidate the debt within 15 years.

MADRAS

The following Interpellations relating to co-operation were made at the last Meeting of the Legislative Council held on the 21st November, 1916.

159 Q.—Will the Government be pleased to state in a tabular form for the period commencing from the time the Co-operative Societies Act came into force up to date (*a*) the number of rural and Urban Societies sued in Courts by their creditors for the recovery of debts, the

number of cases in which decrees were given, and the number of decrees fully satisfied; (*b*) the number of rural and urban societies wound up by the Registrar for liquidation and the number of cases in which the liquidation proceedings resulted in full discharge of all debts payable by such societies; (*c*) the number of suits which the rural and urban societies filed against their own members for recovery of debts, and the result of the execution of decrees obtained against them; and (*d*) the number of cases decided by (i) the Registrar, and (ii) the arbitrators under rule XII of the Madras Government Notification No. 483, dated 2nd October 1915, published at page 1039 of the *Fort St. George Gazette*, Part I, dated 9th November 1915?

159 A.—The Government are not in possession of statistics up to date in respect of any of the matters referred to in the question, and are unwilling to order the compilation of statistics for special periods except on very strong grounds, as such compilation throws extra work on their subordinates. Information on points (*b*) and (*c*) will be found in the Registrar's Annual Administration Reports.

197 Q.—(*a*) Has the attention of the Government been drawn to the proceedings of a meeting of the share-holders of the Madras Central Urban Bank published in the Madras dailies of the 14th August last, and the communication on the subject of the formation of one Apex Co-operative Bank by Diwan Bahadur Ramachandra Rao in the *Hindu* of the 21st idem? (*b*) Have any and if so, how many, applications for the registration of a Provincial Co-operative Bank have been made to the Registrar of Co-operative Societies? (*c*) Has the Registrar registered the Bank in accordance with the applications? If not, why not? (*d*) Is it a fact that there are large surpluses in several district banks which have been diverted outside the district and lent to other district banks? (*e*) Will the Government be pleased to state the extent of amounts so lent? (*f*) Will the Government be pleased to consider and order the early registration and starting of a Provincial Bank in accordance with the recommendations made by the Imperial Committee on Co-operation?

197 A.—The Government are not in possession of the detailed information asked for in clauses (*b*), (*d*), and (*e*) of the question, but they have seen the communications to which the question draws attention and the question of the formation of a Provincial Co-operative Bank is under their consideration. They are not in a position at present to make any further statement on the subject.

198 Q.—(*a*) Is it a fact that there is only one Inspector of Co-operative Societies in each of the districts—Malabar and South Canara? (*b*) Will the Government be pleased to state the total number of registered Societies (Co-operative) in each of those districts? (*c*) Will the Government be pleased to increase the number of Inspectors in the two districts proportionately to the number of Societies and the area over which the Societies are spread, regard being had to the difficulties of communications?

198 A.—(*a*). There are two inspectors in Malabar and one in South Canara. (*b*). The number of societies on 30th June, 1916 was 49 in Malabar and 67 in South Canara. (*c*). If an increase in the staff is found necessary, the Registrar will take steps to strengthen it.

199 Q.—(*a*). Has the attention of Government been drawn to the Resolution passed at the Coimbatore Circle Co-operative Conference held at Mangalore in April, 1915, on the subject of Honorary Assistant Registrars and to the article on the same subject in the *Madras Bulletin of Co-operation* for June, 1915? (*b*). Will the Government be pleased to try the appointment of such officers experimentally in one or two districts?

199 A.—(*a*). Yes. (*b*). The Government are considering the suggestion.

200 Q.—(*a*). Will the Government be pleased to state whether it is in contemplation to appoint a European Civilian as Registrar of Co-operative Societies? (*b*). Will the Government be pleased to see its way to reserve the office as hitherto for Indians rising from the Provincial Service? (*c*). Will the Government be pleased, in view of the pendency of important measures as the formation of the Provincial Bank and the carrying out of the recommendations of the Imperial Committee on Co-operation, to retain an experienced Indian Officer as Registrar of Co-operative Societies?

200 A.—There is no present vacancy and the Government are not prepared to make any announcement in advance as to future appointments. They do not consider this office as reserved either for European or Indian officers.

206 Q.—Having regard to the distinct gain that has accrued to the paddy cultivator in some parts of the Presidency by his adoption of the single seeding planting system and the system of selecting seed, will the Government be pleased to instruct the Agricultural Department to take steps to accelerate the spread of the systems all over the Presidency by deputing some of their staff to tour about and acquaint the raiyats with the systems by means of lectures and demonstrations?

206 A.—The Hon. Member is referred to the answers to question No. 141 put at the meeting of this Council held on the 20th November 1914 and to question No. 88 (*b*) put at the meeting of 23rd November 1915. Demonstrations both on the Government farms and in the districts on the raiyats' own lands form an important feature of the work of the Agricultural Department, and it is the intention of Government to extend the method of instruction as funds and staff permit.

INDIAN REGISTRAR OF CO-OPERATIVE SOCIETIES.

The Hon. Mr. B. V. Narasimha Aiyer moved the following Resolution:

"This Council recommends to His Excellency in Council that the Registrar of Co-operative Societies should continue to be an Indian for a considerable time."

He referred to answer No. 200, and said: The impression has been gaining ground that the present Registrar is to be shifted and another appointment is to follow. It is ordinarily believed that a recommendation is going forth or has gone forth that only Civilians should be appointed. Therefore the necessity of such a resolution is patent. Is it necessary to have an I.C.S. in this post ? The movement has very widely spread—not to such a far reaching extent as in other civilised countries. But the progress has been good. It appears to the public that persons outside the Civil Service can do and have done justice as Registrars and people feel also that an Indian is the best fitted to fill in that post. He is in daily touch with the people and a Registrar must be of such a type—closely in touch with the people. I know that the personal knowledge and contact of the Registrar was necessary to further the movement. I am not asking for anything new, because an Indian has always been a Registrar. But in view of the recommendation referred to above, I wish to urge this. If Government intends to change the personnel, another difficulty would arise, there are not sufficient Indians available. I agree that fitness is the sole criterion. Therefore it would not be good to restrict the appointment to one class of persons. The question of high appointments must be decided by fitness alone. I consider that under the present circumstances Indians are more fit for the place.

The Hon. Mr. Rama Iyengar seconded the resolution. He gave an instance of the utility of an Indian Registrar who went in rural parts and got into touch with the people. The movement was handled very successfully and carefully since the beginning.

The Hon'ble Mr. Cardew said that the resolution seemed to have been moved owing to an apprehension that there was a prospect of the appointment of Registrar of Co-operative Societies being included for recruitment from the Civil Service. So far as he was aware there was no such proposal before Government. It was open to Government to appoint an Indian or a civilian to the post and there could be no doubt as to the merits of Indians for the appointment. Government wanted to retain power to make whatever selection as seemed best. There was no vacancy at present. The Government must have freedom in the matter, and the Government did not propose to reserve the appointment to any particular class.

The Hon. Mr. Narasimha Iyer withdrew the resolution as the basis for the apprehension in consequence of which he brought the resolution was broken.

CO-OPERATIVE MOVEMENT IN COIMBATORE.

THE CO-OPERATIVE BUILDING SOCIETY, LTD.

With the 30th June last the third year of the working of the Coimbatore Co-operative Building Society, Limited. concluded and the result of the working of the institution during the year ending with 30th June last was recorded in a report presented by the enthusiastic Secretary and the pioneer of co-operative movement in Coimbatore, at a meeting of the shareholders held recently. The document contained among other several minor details the following interesting particulars :

The strength on the 30th June 1916 was 178 with 978 shares to their credit, which at the commencement of the year was 164. By the death of Rao Bahadur C. Nagojee Rao, B. A., the Society sustained a severe loss and the Board record the death with much regret.

The capital of the Building Society was Rs. 6,120 on the last day of the year as against Rs. 5,720 at the beginning. During the year under report the cash-credit with the District Urban Bank was raised from Rs. 20,000 to Rs. 30,000 owing to increased demand for money. There was Rs. 15,600 standing to the credit of the Society on the 30th June. Other deposits and borrowings amounted to Rs. 8,979. Twelve loans were issued during the year against 21 and they made up Rs. 10,450. Rs. 4,692-8-0 were realised in respect of principal and Rs. 2,367-4-3 in respect of interest. The Society has helped to build 41 houses, to repair on overhaul 4 houses and to free 12 houses from prior encumbrances. The net profit earned during the year amounted to Rs. 919-4-1 of which Rs. 229-13-1 was carried forward to Reserve fund account. Rs. 114-14-6 was allotted as honorarium to Secretary. The balance of Rs. 574-8-6 together with the undisbursed dividend of last year *viz.*, Rs. 5-11-7 making a total of Rs. 580-4-1, will be utilised for paying dividend at 9 per cent. on the paid of share capital absorbing Rs. 540.

Under the rules of the Society the operation are confined to the municipal limits. The transactions would have multiplied as fast as the Board wished if the help promised by Government in respect of building societies was only forthcoming in the near future. The Board find it impossible to grant loans on easier terms. There are in the town as many as ten extension schemes, some of which have taken shape and sanctioned by the Government and if this society had the support from the public and the State it deserved, much congestion of the town would be removed and buildings will spring up in the many vacant sites.

THE DISTRICT URBAN BANK, LTD.

The number of members on the 1st July 15, was 162 which after admissions and withdrawals during the year rose to 178 with 975 shares to their credit of which sixteen are registered societies. The balance of the share capital on the 30th June 1916 was Rs. 74,670. Deposits from members amounted to Rs. 35,153 at the beginning of the year and Rs. 80,999 was received during the year. Rs. 68,580 was paid off leaving Rs. 47,572 to their credit. From non-members the deposits at the beginning of the year amounted to Rs. 1,72,556 and during the year Rs. 2,26,886 was received. Rs. 1,07,395 was paid off leaving a balance of Rs. 2,92,047. Total borrowings under both heads amount to Rs. 4,24,547 and they are mostly annual or for longer periods and bear interest ranging between 6 and 7 per cent. There were forty loans at the beginning of the year ; to members 70 were issued during the year. 75 were either closed or partially closed leaving a balance of 35 making up a total of Rs. 6,376. There were 345 loans issued to Societies and that amounted to Rs. 4,46,926. Twenty-four loans were closed.

The number of societies rose from 129 to 161 of which 18 were organised in Malabar and 14 in Coimbatore. The Nilgiris are not satisfactory.

The net profits for the year amounted to Rs. 10,869, the distribution of which was worked out as follows:—To Reserve Fund Rs. 2,717. Honorarium to Secretary 1,358. The Board recommended dividend at 9 per cent. on the paid up share capital absorbing Rs. 6,435.

Mr. N. Giria Chettiar was elected Vice-President of the Bank in place of Rao Bahadur C. Nagojee Rao, B.A., whose death during the year the Board recorded with much regret.—The *New India.*

TRIBESMEN AS CO-OPERATORS.

Our Coonoor correspondent tells us that Co-operative Credit Societies have been opened for the benefit of the Badagas in the large tract known as the Kaiti Valley. Badagas have been cultivators from time immemorial. And very good cultivators they are. "Nobody," says a recent writer, "can beat the Badaga at making mother earth produce to her utmost capacity, unless it be a Chinese gardener." Put a Badaga on a hill-side covered with rocks and boulders, and in a very short time he will have made stone-walled cattle-folds out of the stones and boulders, and will have turned the stony soil into cultivated land. They are progressive, moreover, and are more ready than most Indians to try new methods of cultivation that are recommended to them as being profitable. It is in this spirit too that they have shown themselves ready to grow new kinds of produce that may be in demand. Years ago, when hill-potatoes came in demand, the Badaga tried his hand at potatoes, and has become one of the principal producers. But the Badaga is an imprudent fellow, and finds it difficult to make both ends meet in respect of the family with which he is usually blessed. And the money-lender has taken advantage of his necessities. He has lent the Badaga money and has lent it on the usual money-lender's terms, and with the usual money-lending results. The money-lender has become the master of the situation. The Badaga does all the hard work of growing his potatoes, but it is the money-lending merchant who puts them on the market and reaps the profits. And the vakil has followed the merchant, and the Badaga has acquired a litigious spirit, and further wastes his small patrimony in legal expenses. The conditions have become such that Badagas have long since found it desirable to take up coolie work—on estates or as rickshaw-pullers, or in other capacities—and leave their wives, agriculturists like themselves, to look after their crops. Some time ago His Excellency the Governor visited several Badaga hamlets, to see how things were going; and, in the course of deliberations between himself and the Registrar of Co-operative Societies, it was decided that the Co-operative system should be started. It is said that it has been started with much success. The money-lender's regime is being brought to an end, and the cultivator gets the real profit on the potatoes that he grows.

It is said to be a turning-point in Badaga history, and it is proposed that the system of co-operation amongst hill-tribesmen shall be extended. The *Madras Times.*

Registrar's Circular Gl. No. 2790 16 dated 6-11-1916 to Assistant Registrars, Central Banks and other Banks which receive deposits.

The undersigned has the honour to draw the attention of Assistant Registrars and Secretaries of Co-operative Banks which receive Deposits, especially Central Banks to rule XIII of the rules framed by the Government under Act II of 1912, and to the necessity of seeing that every person who makes a deposit in a society nominates at the same time a person or persons to succeed to his interest in the society in the event of his death. Although the rule was framed in November 1915, it does not appear that many depositors have taken advantage of it. The result is that cases are constantly coming to the notice of the Registrar in which persons who are undoubtedly heirs or legal representatives of deceased persons are unable to come by their own, because their deceased predecessors in interest failed to register their nominations in regard to their successors. It is evident that unless the attention of depositors is drawn to the rule framed by Government they are not likely to take advantage of it. Secretaries of Central Banks are, therefore, requested to report to the Registrar at a very early date what steps have been taken to bring the rule in question to the notice of the depositors and how many have taken advantage of the new rule and registered nominations accordingly. The Registrar need not remind Secretaries of Banks which ordinarily receive deposits that if it is made the rule to require succession certificates in every case because nominations have not been registered it would not only be a hardship to estates of deceased persons but would operate to the disadvantage of the Banks by discouraging deposits. All Co-operative Banks which receive deposits are, therefore, requested to report to the Assistant Registrars concerned once a month not earlier than the 7th of every month how many depositors have taken advantage of the rule and how many have not.

AMENDMENT TO THE ABOVE CIRCULAR.

(1) For "Person" occurring in line 5 of the Circular read "member"

and (2) Add to the above circular the following as paragraph 2:— Non-members' deposits are at present not covered by Rule XIII framed by Government but the Registrar is anxious that in their case also it is desirable to have a method of making speedy payment to successors nominated by them. Any suggestions on this subject will be welcomed by the Registrar.

AUDIT ORDER OF THE MADURA-RAMNAD CENTRAL CO-OPERATIVE BANK.

The accounts of the Madura-Ramnad Central Co-operative Bank Limited No. 975 for the Co-operative year ending 30th June 1916, as audited by Chief Inspector M. R. Ry. K. Vedachala Ayyar, are passed.

The statements of (1) Receipts and Disbursements (2) Assets and Liabilities and (3) Profit and Loss, were furnished by him

2. Seven new societies joined the Bank during the year in addition to 154 societies which were members at the end of 1914—1915. There were thus 161 societies holding shares in the Bank at the end of the year. The number of individual shareholders on the last day of the year was 71 against 70 at the end of the previous year.

3. The paid up share capital of the Bank rose from Rs. 43,488 at the beginning of the year to Rs. 58.833 at its end. The fixed deposits of members increased from Rs. 59,450 to 90,933 and those of non-members from Rs. 2,60,505 to 2,82,604. The amount due to other Central Societies was reduced from Rs. 1,76,950 to Rs. 90,000. The overdraft allowed by the Bank of Madras was availed of to the extent of Rs. 24,593; but the amount due to the Madras Bank on the last day of the year was only Rs. 54-11-3.

4. The Bank disbursed the sum of Rs. 94,098 in loans to societies as against Rs. 1,82,940 in the previous year. The amount repaid by societies was Rs. 1,29,818 against Rs. 60,814 in the previous year. A sum of Rs. 53,660 was collected during the year in the shape of interest against 27,676 in the previous year. There was thus considerable improvement in the collection of amounts due to the Bank.

5. The Bank earned during the year a net profit of Rs. 3,723-15-0 which should be dealt with as follows:—(1) To Reserve Fund Rs. 930-12-4. (2) To dividend Rs. 2,792-5-1.

The amount available for dividend may not be sufficient to pay a dividend of 9 per cent. the rate paid in the previous year. The Bank is advised to pay not more than 6 or 7 per cent. and to make up the necessary amount, it will have to draw from the dividend equalization fund. The Bank is requested to remit Rs. 930-12-4 to the Madras Central Urban Bank for being added to the reserve fund account. It will have to deduct from the above amount the actual interest allowed by the Central Bank on the reserve fund for the year 1915—16, and also Rs. 201-0-9 which is now in excess in that account. With the present year's addition to the reserve fund the total will come to Rs. 5,040-11-3.

6. As no portion of the net profit can be spent as honorarium to the Secretary or as contribution to the supervision fund under the Government rules the amount that should be set apart for these purposes on account of the year 1915—16 *viz.*, Rs. 465-6-0 + Rs. 465-6-0, or Rs. 930-12-0 should be debited to the account of the year 1916—17.

7. The Bank is developing steadily and is paying particular attention to the inspection and supervision of societies financed by it. The Bank's Secretary M. R. Ry. Rai Sahib K. Ramaswami Ayyar Avergal, B.A., B.L., has not only contributed to the success of the Banking Union of Madura—Ramnad, but his wise and business-like management of that institution since it was started in 1912 has, as is well known, led to the adoption of the Banking Union system by nearly every other District Bank in the Madras Presidency. When

that system was on its trial four years ago the Madura-Ramnad Bank had to bear the brunt of very severe criticism and even hostility. That stage has fortunately passed: the bank is looking forward with confidence to a fresh step in the onward march, the realization of a Provincial Co-operative Bank, in the organisation of which the Madura-Ramnad Bank, its Directors and Secretary have borne no small part.

Government Order No. 2788, Revenue, dated 7-12-1916.

The Government approve generally of the terms upon which the Madras Central Urban Bank is prepared to convert itself into a Provincial Bank as indicated in Dewan Bahadur Krishnaswami Rao's speech at the informal meeting of shareholders held on 5th November 1916, subject to the following modifications.

2. The second clause of the terms proposed by the Diwan Bahadur contemplates the annual extinction of a certain number of the Preference Shares of the Madras Central Urban Bank by paying them off at the fixed rate of Rs. 160 per share out of the surplus of realised profits. The number of shares to be thus dealt with cannot of course be now fixed, as the amount of profits that may be available for the purpose is unknown. Moreover the Government think that there should be some elasticity in the matter and do not wish to tie down the Bank by any hard and fast rule. They suggest therefore that the Registrar should be given discretion to decide what portion of the profits which may remain after meeting the charges connected with (1) Reserve Fund (2) payment of dividend and (3) a reasonable provision for the working expenses of the Bank shall be devoted to extinction of Preference Shares.

3. The Government agree that the sum of Rs. 25,000 standing to the credit of the Dividend Equalization Fund should be reserved for the exclusive benefit of the Preference Shareholders to be drawn upon should the annual profits be insufficient to pay in full the 9% dividend.

4. Referring to Clause 6 of the terms proposed by Dewan Bahadur Krishnaswami Rao, the Government observe that at present no District Bank or primary society is compelled to take advances from the Madras Central Urban Bank or to deposit money with it, nor is any District Bank or primary society prohibited from dealing directly with any other District Bank or society independently of the Madras Central Urban Bank. The Government consider that this freedom of action must continue for some time to come until sufficient experience has been gained of the working of the Provincial Bank system, and it will not be possible to force any District Bank or society to deal exclusively with the Provincial Bank or to prohibit direct transactions between one District Bank and another. Consequently the rate of interest to be charged on loans will be a matter to be adjusted on ordinary business principles between the Provincial Bank and the District Banks desirous of borrowing from it and clause 6 of the terms suggested by Dewan Bahadur Krishnaswami Rao does not possess much practical importance. To remove any doubt however as to the meaning of

the clause the words "in their opinion" should be inserted after the words "if it is likely". Similarly every District Bank or society will be free to take up shares in the Provincial Bank or not as it may see fit. At the same time the Government hope that if the experiment now to be undertaken proves a success the time will soon come when the Provincial Bank will become the sole medium for all financial business between District Banks and societies and the Registrar should use his best endeavours to promote that end and to produce cordial and harmonious relations between the Provincial Bank and the District Banks and Primary Societies. When the time comes to give the Provincial Bank further control over the finance of the co-operative movement in the Presidency, the Government will in consultation with the Provincial Bank, define the terms and conditions necessary to give effect to that change.

5. The Registrar will communicate these conclusions of the Government to the Madras Central Urban Bank and will request them to draw up, in communication with himself the necessary amendments to the bye-laws and submit the same to the Government for final approval.

RESOLUTIONS PASSED AT AN INFORMAL MEETING OF THE CENTRAL URBAN BANK, LTD. MADRAS HELD ON 5TH NOVEMBER, 1916.

1. That the existing shares in the Madras Central Urban Bank be converted into and treated as Preference Shares, carrying a preferential right to dividend at 9 per cent. and in the event of liquidation to capital.

2. That power be taken gradually to reduce and eventually to extinguish the Preference Shares by paying off a certain number of shares each year at a price to be agreed on, out of the surplus of realised profits, remaining after meeting all charges (dividends included); the individual shares for repayment being determined by lot ;

3. That new ordinary share capital be created, such capital to be issued to Societies only ; and that in order to provide for the admission not only of existing Societies (which number about 1800) but also of such reasonable increment to the number of societies as may occur in the next few years, the sanctioned ordinary share capital be fixed at Rs. 3½ lakhs of which Rs. 15,000 to Rs. 1,800,000 be issued at once :

4. That voting be per share and not per shareholder and proxies be allowed ;

5. That the new ordinary shares be issued at par, to be payable by instalments (at option) but that no right to vote at any meeting shall accrue on any such share until it is fully paid up ; and

5. That the rate of interest on loans shall not be lowered without the sanction of the Government, who will not sanction such reduction of it as likely to affect prejudicially the Preference Shareholders.

THE BOMBAY CENTRAL CO-OPERATIVE BANK.

HOW TO MAKE IT MORE CO-OPERATIVE.

Proposals for the Compulsory purchase of Shares by Societies.

At the last Bombay Co operative Conference a resolution relating to the above subject was adopted and the following are extracts taken from the Conference Report :—

"It is desirable that primary and other Societies should take shares in the Bombay Central Co-operative Bank and that some system should be adopted of requiring Societies compulsorily to take shares in that Bank."

This resolution was moved by the Registrar who urged that it was of prime importance that the institution at the head of the movement should be genuinely co-operative, firstly to profits from passing out of the movement in the form of dividends to private shareholders, secondly to give societies a voice in the control of the movement which a financing agency inevitably exercises, and thirdly as a check on a Board which might be alien to the movement and refuse to give due value to the kind of security which societies can offer. The Registrar explained in detail how a system of shares held by societies might be introduced.

RAO SAHEB NAIK (BELGAUM) expressed the opinion that every society whose capital was Rs. 1,000 or more should buy one share and said that he was encouraging the societies in his district to do so.

RAO SAHEB PANDIT (KANARA) supporting the resolution, said that some societies in his district had already taken shares in the Central Bank and that other societies were willing to take shares in it.

SIR VITHALDAS THACKERSEY, representing the Central Bank, welcomed the resolution and said that he had suggested at an informal meeting that the societies might be compelled to buy shares but there was a fear in some quarters that this might lead to fictitious transactions. The shares of the Central Bank were sold in the ordinary market. The Directors of the Central Bank accepted the suggestion that societies should have more voice in the management of the Bank. As regards the unlimited issue of shares to Societies, he thought that the result of it might not always be good. The societies might take advantage of the market fluctuations, buying and selling shares as suited them. He, therefore, suggested special societies shares issuable to an unlimited extent, so that the shares would not go in the open market but remain the property of the society as long as it existed. He explained that long-term loans could be given only when there were long-term deposits. The privilege of the 4 per cent. guaranteed debentures on which they had depended so much as a source of capital had proved unavailing, as these debentures had not been brought under the operations of the Trusts Act. The result was that the only money they could attract, namely, trust funds, could not be got hold of by the Bank. Therefore, there was no alternative but to grant short-term loans. Even so, they were issuing for the purchase of cattle loans extending over two years. Loans for the redemption of old debts were out of question at present. Referring to the representation of primary societies on the Bank's directorate, he said that the Bank was prepared to go even further than what the societies hoped. The Bank encouraged the election of persons interested and connected with societies in Bombay on the directorate and he quoted Mr. DEVDHAR'S election as an instance.

RAO BAHADUR CHITALE (AHMEDNAGAR) deprecated short term-loans which cut at the root of the whole system. It was inconceivable to think that a small society could repay its capital every year with its small resources. He urged that a society's reserve fund should consist of non-saleable shares and be invested in a general fund, enabling other and poorer societies to claim a share of this capital. He thought the reserves should go to build up a separate bank and be utilized to support the societies.

The PRESIDENT said there was little doubt that of the two they preferred long-term loans to short-term ones, but the question for the present was rather one of practicability than of preference and was not quite germane to the subject under discussion.

The resolution was passed without further discussion.

THE GOVERNMENT OF INDIA ON STATE LOANS TO BUILDING SOCIETIES.

The Bombay Government in November 1915 submitted proposals to the Government of India recommending State Loans to Building Societies registered under the Co-operative Societies Act, 1912. The Government of India have since passed orders on the subject that they "find themselves unable to agree to building societies of the kind referred to being assisted in the manner proposed. They are of opinion that such societies should preferably receive loans from central banks or other similar institutions which have been established for the purpose of financing Co-operative Societies."

The following extracts from the October number of the *Local Self-Government Gazette* on the above subject will be found interesting:—

It is a matter for surprise to us that the Government of India should have disposed of the large and far-reaching question of State loans to building societies raised by the Bombay Government in the cryptic utterance we have extracted above. The matter is one in which the well-being—physical and moral—of all classes of the population in this country is involved and we have the experience of other countries to guide us in evolving a policy suitable to our conditions. But in such matters the policy of the Government of India is unfortunately not that of to-day or even that of yesterday but that of the day before yesterday; it holds fast by theories long since exploded in other countries.

* * *

The housing conditions in our large cities are well known. The Bombay Housing Association has published some leaflets vividly describing parts of that city. Our readers will also call to mind the trenchant article in the *Bombay Social Service Quarterly* by Dr. Harold Mann on "the housing of the depressed classes in an Indian City." Prof. Geddes and Mr. Lanchester have also described Madras towns for us. Everywhere we have the same story—overcrowding, a serious shortage in the number of houses available for the poorer classes, and slums which are responsible for the largest rate of infantile mortality known in any civilised country and a phenominally high death-rate, a large percentage of which is undoubtedly due to preventable causes. The census reports tell us the same story of the steady migration of the population to towns, overcrowding, increased mortality, etc. Nobody will deny that an improvement in the housing conditions of these classes of the population is an urgent and imperative necessity. Can it be seriously contended that co-operative building societies composed of such men can afford to build with help of loans raised from Central Banks? These Banks lend to constituent societies at rates varying from $7\frac{1}{2}$ to 9 per cent. and the societies can lend to members at 9 to $10\frac{1}{2}$ per cent. Is building possible on loans raised at such rates of interest? Land is very costly in towns; building materials have risen in value, and house property, as its life is longer, yields a correspondingly slower return. What has been the experience of Madras and Bombay? These provinces cannot be said to be backward in the general spread of the movement, but building societies have hitherto been failures in them. About half-a-dozen societies, composed of fairly well-to-do persons, have been started in Madras, but owing mainly to the high rate of interest that has to be charged by societies, their operations are conducted on an extremely limited scale and it is not pretended that they have been at all successful. In Bombay, under the liberal and enlightened guidance of the Hon'ble Mr. J. P.

Orr, a co-operative building society has been working most successfully, but in this case two valuable concessions had to be given and were essential for its success. The Improvement Trust on the recommendation of Mr. Orr reduced the ground rent for the sites and, what is perhaps more important, a large loan was advanced at 4 per cent. for 10 years by the Hon'ble Sir Prabhashankhar Pattani. These and other instances which can easily be quoted conclusively establish the futility of expecting co-operative building societies to flourish if they are to be financed by loans raised from "Central Banks or other similar institutions which have been established for the purpose of financing co-operative societies." It may next be asked—What has been the experience of other countries ? Do Government advance loans to co-operative build-societies in Europe and elsewhere ?

* * *

We do not by any means suggest that the Government of India should undertake the financial burden of advancing loans to all co-operative building societies. In the case of the well-to-do classes this is not probably needed, but the state cannot close its eyes to the seriousness of the housing problem and lay down the policy that all building societies, of whomsoever composed, should obtain their finances in the open market. Such a policy is not followed in countries in which capital is abundant, and it is particularly inapplicable to India where capital is scarce and the ruling rate of interest is high. It is hoped that better counsels will prevail and that the Government of India will be brought to recognise the imperative need for State loans to co-operative societies composed of the lower, middle and poorer classes and that a suitable scheme will be evolved for advancing loans to these societies under such regulations as may be considered necessary. The war has awakened interest in these problems, and we trust that the Government of India will, in the light of the experience of other countries, reconsider its adherence to comfortable doctrines of an economic era which is nearly a century old. We can assert with confidence that public opinion in this country will support the raising of large loan by Government for making advances to co-operative societies.

THE

Fifth Madras Provincial Co-Operative Conference.

Held in Madras on the 22nd and 23rd of December 1916.

The Fifth Annual Session of the Madras Provincial Co-operative Conference was convened as in the two previous years by the Madras Provincial Co-operative Union, Ltd. It was held in the Pachaiyappa Hall just before the Christmas in order that the delegates might have the advantage of the Christmas concession fares in travelling to and from Madras. As in the previous year a Reception Committee was formed consisting of prominent co-operators whose names are given in Appendix C—1. Many primary societies and central banks, big and small alike, with their usual generosity contributed funds towards the expenses of the Conference. A list of their donations will be found in Appendix C—2. The number of delegates registered, not including the Reception Committee members, was [illegible]02, which is a larger figure than for any previous year. The list of the delegates is given in Appendix C—3. It is a matter for great satisfaction that in spite of the effect of the war and the recent disastrous cyclone which specially affected the Districts of South Arcot, and some Taluqs of the Chingleput District the Conference was so successful both financially and in the matter of attendance.

About a dozen papers were submitted to the Conference including one by M. R. Ry. C. Govinda Pillai Avl., B.A., B.L., Registrar of Co-operative Societies, Travancore. Some of the resolutions passed at the Conference were based on these papers. They are all printed as Appendix A. As usual they were printed and circulated among the delegates and visitors at the Conference. We take this opportunity for expressing our sincere thanks to the writers of these papers for the trouble they took.

Among those that attended the Conference were the Registrars of Co-operative Societies of Travancore and Cochin and some prominent co-operators from Pudukottah. We are grateful for the kindly interest of these brother-co-operators from the neighbouring states, which indeed has been continuing undiminished from year to year.

At about 1 p.m. on Friday the 22nd December 1916, after the 3rd General Meeting of the Madras Provincial Co-operative Union was over, the delegates to the Conference met under the Chairmanship of Prof. K. B. Ramanathan and elected the following gentlemen to the Subjects Committee:—Prof. K. B. Ramanathan the Kumararajah of Chellapalli, Rai Sahib K. Ramaswami Ayyar, C. N. Krishnaswami Ayyar, V. Venkatasubbaiya, M. Shiva Rao, V. R. Srinivasan, R. Ananda Rao, Rai Sahib C. Aruliah Naidu, T. R. Srinivasa Ayyangar, O. M. Venkatanatha Ayyangar, P. Ramachandra Sastri, N. Krishnaswami Rao, M. Ananta Rao (Puttur), Rai Sahib A. Seturama Ayyar, S. Satyamurthi Ayyar, G. Harisarvothama Rao, M. Venkatarangayya — (Vizianagaram). V. Narayana Rao, G. V. Chelapathi Rao—(Kailkalur). B. Hanumantha Rao—(Chinagadelavarru), K. Lakshmana Rao—(Cuddapah), C. M. Ranga Rao—(Namakkal), Sankaranarayana Iyer—(Ambasamudram), C. N. Srinivasa Iyengar—(Hosur), V. Panchapakesa Iyer—(Tanjore Dt). K.V. Vijiaraghava Iyer (Pottipuram), V. K. Menon—(Calicut), K. Madhava Rao—(Tiruvallur Union), K. M. Singaravelu Mudaliar—(Kalavai), T. Rajagopalacnari—(Madras City Bank). S. P. Natesa Iyer—(Sirukalattur). Chinnaranga Gowndar—President Vijiamangalam Union, Timmappa Gowda Pattakar T. S. Narayana Iyengar—(Watrap). T. Prasanna Raghavachari Rao Saheb T. Lakshmana Naickar K. R. Subbaraya Iyer—(Coimbatore Stores). P. B. Krishnama Chariar (Chingleput), Bashyam Papayya Naidu, Chinnayya Naidu, V. Krishnaswami Iyer—Chittoor, Sami Iyer —of Echur.

The Conference began at 3 p. m. About 250 delegates were present. Among those present were the Hon'ble Dewan Bahadur P. Rajagopalachari, the Hon'ble Mr. Justice Sadasiva Ayyar, Dewan Bahadur L. D. Swamikannu Pillai (Registrar of Co-operative Societies). Prof. K. B. Ramanathan the Hon'ble Mr. Yakub Hasan, Mrs. Whitehead, Mr. K. Nageswara Rao Pantulu, Mr. A. Vedachellam Ayyar, Mr. P. Menakshisundram Pillai, Mr. P. K. Kunhunni Menon, Mr. C. N. Subramania Ayyar, Mr. T. Srinivasa Rao, Mr. D. Arulanandam Pillai (Assistant Registrar), Mr. S. Satyamurthi Ayyar, Rai Sahib K. Ramaswami Ayyar (Madura), Mr. C. N. Krishnaswami Ayyar (Coimbatore), Mr. M. Shiva Rao (Puttur), Mr. T. R. Srinivasa Ayyangar (Tanjore), Mr. P. Ramachandra Sastri, Rao Sahib A. Rama Rao, Mr. V. R. Srinivasan (Tanjore), Rao Sahib C. Aruliah Naidu, Mr. O. M. Venkatanadha Ayyangar (Chinglepet), Mr. C. N. Srinivasa Ayyangar (Hosur), Mr. N. Krishnaswami Rao (Palamcottah), Mr. R. Ananda Rao (Ramnad), Mr. M. S. Seshachellam Ayyar, and Mr. Ardhanari Ayyar (North Arcot), Mr. M. Venkataranga Ayyah, (Vizianagram), Mr. M. Narayana Rao (Anantapur), Mr. V. Narayana Rao, and Mr. G.V. Chellapathi Rao (Kistna), Mr. B Hanumantha Rao (Guntur), Mr. V. Krishna Menon (S. Malabar), Rao Bahadur N. Pattabhirama Rao, and V. Krishnaswami Ayyar (Chittoor), Messrs. M. Lakshmana Rao, Lakshminarasimha Sastri, Bada Saheb, Lakshminarasimha Sastri, and P. Ramaswami Ayyar, (Ceded Districts), the Hon'ble Mr. S. Srinivasa Ayyangar, Mr. J. E. Frochlich, Mr. Rao Sahib V. T. Krishnamachariar, Dr. Gilbert Slater, Mr. C. Govinda Pillai (Registrar of Co-operative Societies, Travancore), Mr. Gayatrinatha Ayyar (Registrar of Co-operative Societies, Cochin).

WELCOME ADDRESS.

Prof. K. B. Ramanathan President of the Madras Provincial Co-operative Union, in welcoming the delegates on behalf of the Reception Committee said:—

MR. PRESIDENT AND GENTLEMEN,—It is my great privilege to offer you on behalf of the Reception Committee of this Conference a most hearty welcome to the deliberations of this evening and the next day. You will find that we have nothing to show in the way of spectacular splendour in the decorations of the hall, nor much in the way of sumptuousness in other arrangements of the creature comforts kind. As years roll on, and as these Conferences get to be regular yearly events, we have to see that we distress as few as possible in the way of special subscriptions, and of all movements the co-operative movement, can least afford to encourage anything tending to mere expenditure without adequate return. But what is found lacking in external pomp and ceremony will be, I hope, made up for by our attempt to render your stay as comfortable as we can make it.

The movement has sustained, since we last met, a great loss in the death of Dewan Bahadur M. Adinarayana Iyah. He was a conspicuous example of a public servant who had fully earned his right to rest and to sit beside his nectar (the Hindu equivalent thereof) careless of what becomes of the toiling millions of his fellow-countrymen; deliberately taking upon himself tasks and carrying them out with a punctilious thoroughness and an unhasting and unresting eagerness that might well rouse the envy and despair of younger men. He was far-sighted and clear-visioned and his varied experience of men and affairs and his ripe wisdom he placed ungrudgingly at the disposal of the committee. Those who have had to make the arrangements for the conferences well knew how they were stimulated to put forth their best efforts by the vigilant and wise guidance, by the kindly and genial courtesy, by the anxious attention to details, of our late President and how they were rewarded by his paternal solicitude to see that the more willing were not getting over-worked. His genuine kindness, his large-hearted tolerance, his untiring patience, his fine old world-gentlemanliness will be missed by all of us who were privileged to be associated with him in some capacity or other.

In matters of administration, the sum total is everything, a slide back here, a push forward there, does not much signify. The Registrar of the Co-operative Societies will be satisfied if he is able to show an addition of 250 Societies and more for the year, that the average membership has gone up, say by 2 since the last year, that the working capital has gone up by 20 per cent., that the paid-up capital has gone up 17½ per cent. But that is not how those of us who are connected with individual Societies look at the matter. We exult if we are in the vanguard of the movement, if our management shows itself fully alive to its responsibilities and if we find that our members show themselves benefited both economically and ethically that they have reaped in themselves the advantages of co-operation by acquisition of thrifty habits, greater self-reliance, and greater readiness to work with their fellows by conforming to the regulations and helping the administration. We hang down our heads, if our societies are set down among the slackers, if our management shows any tendency to form cabals, some members showing an inclination to hang on to the coat tails of one man, others to cling to the coat tails of another, if the Secretary Director would not carry out the wishes of the Managing Board and the whole body seems to be drifting on helplessly to a catastrophe. The difficulty, in all such cases, seems to be this. We have occasionally getting into the field of co-operative workmen who have no notion what the movements stands for, men who have the old slave-driving, shop-keeping, self-aggrandising instincts. Such men get in occasionally because they can stage before men's eyes and what do they care if movements slowly nursed up get wrecked? It is the nature of the mischief-making temperament to be active and the peace-loving and order-abiding temperament to be quiescent and hence the undue consideration the breed-bates always get in the gatherings of Co-operators. If the better-minded would assert themselves and contribute more actively towards constructive work, the unhealthy and poison-breeding elements might be worked out and co-operative activities in the societies I have in my mind's eye will proceed in a manner that will reflect greater credit on the members. Another difficulty is that members expect a kind of arithmetical miracle to be worked by Co-operation: the majority to contribute ciphers in the way of work, or something in the minus direction, and to total up something handsome to divide all round. A single undesirable member introduced carelessly and without due sense of responsibility may mean so much to the detriment of the society as a whole. The credit worthiness of a certain member vouchsafed for too carelessly may mean a loss to the society.

Though co-operative work has a moralising tendency still it won't do to expect moral miracles. Silk purses are not made out of sow's ears. The better minded, the more wholesome elements of society will have to exercise ceaseless diligence, must see that men of reproachless character and of sterling honesty of purpose have responsible positions entrusted to them and that other men are kept where they can do the least harm possible if they must be at all there.

Among questions to the fore are those relating to the Provincial Bank or the Apex Bank, the propagandist part of the work of co-operation and supervision of the societies. All of us will be agreed on the need and importance of adequately dealing with these questions and arriving at a satisfactory solution of the problems. With regard to the first point of the Provincial Bank those who have been following the discussion of the question know that it brought out not only a great deal of light but also some heat, as it is the nature of such discussions to generate. Some good friends of Co-operation, but better friends of a particular bank went so far as to suggest a kind incompatibility between business success and co-operation. They must have been lured on by the spirit of Epigram. On this matter I will quote the words of Dewan Bahadur Audinarayana Iyah who was among the best friends of the Madras Central Urban Bank and who was the last to be led away by doctrinaire shibboleths of co-operation or other theories: 'In the ring of Co-operation there is no place for an absolutely unrelated body, free to run its course in isolation from the rest of the movement, for a body which claims the privileges but repudiates the obligation of Co-operation."

As regards the propagandist part of the work may I bespeak the interest of the present Conference on behalf of the Co-operative Bulletin which the Union wishes to convert into a monthly as soon as practicable? The Union's activities may be largely utilised for the purpose of propagandist work. It was one of the avowed objects with which the Union was started. If you have got an organ, it is wisdom to provide for its properly functioning. By availing ourselves of the agency of the Union we add to the vigour and growth of this organisation and we benefit ourselves ultimately. Something of the supervision work may also be done along with the propagandist work. If, as we expect, there are members of the Union of the right sort touring to these Co-operative Societies or Districts, dotted with Co-operative Societies, they may arrange for supervision of a number of Societies as well as for their hortatory work pushing on the co-operative movement. Calling upon the Union to do all such work means helping the Union efficiently in the way of financial support.

The increasing congestion of population in rural and urban areas indicates that there is great scope for the activities of building societies. These societies cannot do work successfully unless special facilities are given as was the case in Bombay, when the City Improvement Trust reduced the ground rent for sites, and philanthropic business men like Sir Prabhashankar Pattani advanced the building society money at 4 per cent. for 10 years. Long term loans from public bodies, from co-operative societies will be necessary if the building societies should show fair work. Far-seeing wisdom, municipal and other, will recognise that in the financial encouragement and proper working of the building societies lies the solution of the sanitary problems of cities and villages.

One other matter, I will refer to. The society with which I have been connected has felt the need of reliable agencies that will supply the articles of domestic consumption. Co-operative Societies of producers of goods will find it most advantageous to get into direct contact with the Co-operative Societies of consumers of goods. The 'stores'—a form of co-operative activity that is not in official favour, has found the greatest difficulty in making the middlemen between the consumer and the producer as few as possible. Driven out at one door, they have a trick of introducing themselves at another. I have often been questioning myself whether middlemanism was of the nature of things, whether it was assured that could never be rationalised. Co-operative productive societies or co-operative agencies acting on behalf of producers must see it is to their advantage to have such large consumers of goods as the Triplicane Urban Society. It cannot be that such organisers as the Department of Co-operation has, cannot induce the producers of goods to form organisation of the kind to vend their goods.

The temptation on an occasion like this to spread one-self out, to eel expansive, as though "the time has come to talk of many things" such a temptation is naturally great. But I realise what may be done safely and agreeably by experts cannot be ventured by one who has an ever-abiding consciousness that he is not of the class.

The Union under whose auspices we meet has, since we last met, been strengthened by the admission of 44 societies with 42 shares and of 4 individual members with 17 shares. The total strength comes to 253. Can it be said that the societies numbering so many as 2,000 have done all they could in the way of supporting the Union if it should do justly, skilfully and magnanimously the work it has taken upon itself to do!

On behalf of the Union and on behalf of the Reception Committee I tender you all once more a most hearty welcome.

PRESIDENTIAL ADDRESS.

Then the President of the Conference, Mr. H. F. W. Gillman I. C. S., Member of Council, in opening the Conference delivered the following instructive address:--

MEMBERS OF THE MADRAS PROVINCIAL CO-OPERATIVE UNION AND GENTLEMEN,—It has given me very great pleasure to accept your invitation to deliver the opening address at your Annual Conference. I feel honoured because I appreciate fully that I am standing in the presence of Indians of experts of the highest intellect who have been the pioneers in this Presidency of the co-operative movement—a movement which, though yet in its early childhood, has done so much already to improve the credit of the classes who are most in need of cheaper money. I must also confess that I accepted the invitation with a certain amount of diffidence as I have not hitherto been openly associated with the movement, though always deeply interested in it, and as I am not responsible for the influence of Government which is assisting your work, I hope, therefore, gentlemen, that you will put away from your minds the idea that I am speaking for Government and that you will kindly regard my remarks as those of a friendly critic who offers his views without bias or any intention of dictating to you.

I had better commence perhaps by taking stock of the present position. The number of Primary Societies in this Presidency has trebled in the last six years. It was 596 in 1910-11 with 44,000 members and 1,800 in 1915-16 with 136,000 members. The working capital of Agricultural Credit Societies has increased from 24 to 75 lakhs and the total loans from 16 to 34 lakhs. All this is evidence of a great popular movement and of public trust in co-operative institutions and it is your duty, gentlemen, to see that this trust is not misplaced, and, if I may use a war phrase, to ensure that not only the trenches taken are properly consolidated but that preparations for the next advance proceed on correct lines.

It seems to me that the matters which demand your anxious consideration may be summed up into two words—supervision and audit. These are closely inter-connected, but yet, I think,—distinguishable in regard to the part to be played by the public and by Government. The supervision of Primary Societies is a matter of first importance as the duties involved are the assessment of their credit, recommendation of loans for them to co-operative banking institutions, insistence of prompt recoveries from their members, and finally what has been termed the primary audit of their accounts. Now, it seems certain that with the rapid extension which is taking place you cannot well expect Government to continue the same close supervision in these matters that they have exercised in the past through the Registrar and his Assistants. Experience gained in other countries is, I believe, that a system of purely Government supervision is not in the best interests of the movement and that the requisite control is most efficiently exercised by private bodies. In Madras you have made a start with administrative Unions which exercise supervision over the Societies and form the connecting link between them and the Co-operative Banks: but you have as yet only 31 of these Unions sufficient to look after but 600 out of 1,800 Societies. It has been your experience, I understand, that in areas where these local Unions have been established recoveries are better and that there is generally less laxity in the direction of Primary Societies; therefore the extension of the system of grouping your Societies under such Unions seems to deserve your support. It would be unwise to dogmatize at this stage as to the unit of area to be adopted for each administrative Union, whether it should comprise a portion of a Taluk, a Taluk or a District. I know that there is much to be said for the Taluk or District Union owing to the presence in the Taluk or District headquarters of men fit to supervise and control, and that there are objections to small Local Unions, the main one being that, as the members of the Unions are identical with the members of the Primary Societies, the recommendations of the Union in the matter of loans may not always be reliable. The solution of the problem will come gradually and it seems likely that the District Union of to-day will give place to the Taluk Union of to-morrow and to the smaller Local

Unions of the day after. I would recommend to you to keep an eye on that eventual possibility and lose no opportunity now of educating these local Unions and of establishing amicable relations between them and Co-operative Banks.

Among the duties of these Unions I have mentioned that of primary audit and you may want to know my idea of what is meant by this term, which I have not seen defined. I suggest that you may take a line from the practice adopted by firms and clubs in submitting their accounts for audit to chartered accountants. The usual procedure is that the balance sheet is prepared by the Accountant or Secretary of the firm or club and after being approved by proper authority is submitted to the chartered accountant for scrutiny. What is there to prevent the introduction of the same principle into co-operative audit? Is it not possible that a Society's balance-sheet should be prepared and checked by any private agencies you decide on, and that it should then be submitted to the chartered accountants who in this case will be the Registrar's Assistants? That strikes me as being a fair and proper division of labour which will have the great advantage of relieving the Government agency of audit work except that of what I may call 'super-audit'.

If this position regarding the sphere of private supervision is conceded, there arises the problem of how the funds required for such supervision are to be provided. It has been found, I believe, that efficient supervision on the lines recently approved by Government requires on an average an amount equal to 1 per cent. on the working capital of Primary Societies, less share capital and reserve fund. Primary Societies have already agreed to pay one-half per cent. and it seems clear that the—financing banks will have to contribute the remaining half per cent. calculated on their advances to—Societies. This prospective demand on financing banks will probably have a determining influence on the maximum rate which these banks can afford to pay for their borrowings. If the banks are to lend to Primary Societies at 7½ per cent. and are to pay ½ per cent. for supervision, obviously they cannot indulge in borrowings at 7 per cent. The Central Banks and District Banking Unions with local resources will expect to borrow at 6 per cent. and I doubt much if any Bank of this description will be eager to pay anything more than 6½ per cent.

Has not the cost of supervision also to be carefully borne in mind when considering the idea of an Apex or Provincial Bank, or as an alternative, the proposals for altering the constitution of the Madras Central Urban Bank? I do not propose to discuss what has been written on this subject during the past six months, but will ask you to consider the probabilities of the future. As time goes on, more District Banking Unions and Central Banks are likely to be established and more Primary Societies will come under their influence and look to them for funds. This is the organization contemplated by the

Committee on Co-operation, who have also expressed the opinion that an Apex Bank should have as its object the direction of provincial finance by the control and support of Central Banks. It is not beyond the bounds of possibility that the establishment of Central Banks and Banking Unions will extend over the whole Presidency and that the opportunity now afforded to an Apex Bank of making large profits by lending direct to Primary Societies will be lost to it. Now our experience has been, I believe, that most of our District Banks soon attract local capital and acquire a position of independence which enables them to borrow on their own terms. If it does not pay them to borrow at 7 per cent., are they likely to do so from an Apex Bank? Have they been borrowing at this rate to any large extent in the past, or are they usually able to obtain local money at a cheaper rate? What effect will universally established local Co-operative Banks have on the business of an Apex Bank? These are the questions which seem to deserve the consideration of the promoters of the proposed Apex Bank and of the Directors of the Madras Central Urban Bank. I am glad to note that the latter directorate are considering proposals to reorganize the Bank's constitution in the manner necessary to make it the financial co-operative centre of the province and I hope that a final arrangement will be arrived at which will be satisfactory to all parties.

For purposes other than credit an almost endless variety of types of Societies presents itself to the imagination, among which may be specially mentioned Societies for purchase and sale, for the joint sale of ryots' produce, for the raising and selling of good seed, for construction of buildings for hire or sale to members, besides cattle insurance and dairy Societies. Some of these types have been tried in this Province but of no trial can it be said that it has resulted in as great a success or has been productive of as great public benefits as the Co-operative credit movement. The reasons why these Societies has not been a pronounced success as yet are not far to seek, but there is no need to be apprehensive of the eventual success of any type of Society for which the people are genuinely anxious.

In some cases it is merely a question of time. This may be said of building societies, about which some impatience has been expressed because Government have not placed funds at the disposal of these Societies at a cheap rate of interest. Government are not likely to find the money while the war is on and may or may not do so eventually but whatever attitude they may adopt, it seems to me that, as the market rate of interest is falling steadily under the beneficent operation of Co-operative Societies, we may reasonably expect the rate to fall eventually to a level which will permit of Building Societies investing capital in buildings for the use of their members.

In regard to other types of Societies, it is a matter of organisation. I have particularly in view the Store Societies, of which we have the most conspicuous Indian example in this Presidency, namely the Triplicane Stores. These Stores, I am told, have not continued to fulfil their early promise and are beginning to experience the effects of unequal growth. The business of buying and selling six or seven lakhs worth of goods every year to the best advantage of the members cannot be carried on without much special organization. It does not appear that the great Society which I have named has adequately developed its organization especially in the matter of purchase.

With other types again such as the Agricultural Seed Unions which the Agricultural Department is doing so much to foster, and Societies for joint sale of ryots' produce, the way to success lies in teaching the people the advantages not only of Co-operative combination but of honest dealing. You have made a small beginning with Cotton Seed Unions in the Tinnevelly and Ramnad Districts and with a Society or two near Madras for the sale of pure ghee, but there is a vast amount of work still to be done in the direction of improving the quality of Indian products. I would ask you to consider the chief exports from this Presidency which are in the hands of Indian producers and name one which is not adulterated or improperly manipulated. Whether it is cotton, hides, ground-nuts, oils, indigo, bees'-wax or anything else that I can call to mind, the story is the same the adulteration is so bad that Indian trade is being seriously threatened. Hides are weighed with epsom salts, mud is mixed with indigo and inferior with superior cotton, ground-nuts are watered and bees'-wax is so adulterated that members of the Madras Chamber of Commerce decline to trade in it. I will mention one fact which shows what India stands to lose in the future. You know that Government are anxious to develop Russian trade with India and have sent two Officers to Russia with this object. What you may not know is that Russia promises to be the finest market in the world for which there will be the greatest competition when the war is over. India can supply much of what Russia wants but will stand no chance of competing successfully with other nations, unless she guarantees purity. She will not hold the Russian market for twelve months ifs he attempts to supply that country with the adulterated goods that she is now exporting. The purification of the Indian export trade is a matter of vital importance to the Empire, which is forcing itself on the attention of every one, and for this reason I trust that steady progress will be made with the establishment of primary Co-operative Societies which have this object in view.

Gentlemen, I have done with general remarks on the co-operative movement and will conclude with two personal tributes. We have to deplore the loss in this year of a man who was associated with the movement from its infancy and continued to take an active interest in it until his death. I refer of course to the late Dewan Bahadur Adinarayana Ayya, who started the first Co-operative Society in this Presidency, was for a long time a director of the Madras Central Urban Bank, was the President and one of the founders of the Madras Provincial Co-operative Union and started the Chingleput District Banking Union of which he was also a director. He was a strenuous worker and a charming personality and his memory will long be venerated by his friends, both European and Indian.

Mention also must be made of the labours of the living, and here I am addressing the non-official gentlemen of this Presidency both those here to-day and those absent, who are devoting so much time and care to the cause of co-operation. I know that many of you have given up your ordinary vocations to devote yourselves to the movement for very inadequate remuneration and often for no remuneration at all. The capacity and enthusiasm which you have displayed are worthy of the highest praise and will assuredly impel the younger generation to follow your example. Gentlemen, the future of the movement depends on you and the results that have already been achieved inspire the belief that your efforts will in the end be crowned with success. I would counsel you to adhere strictly in the future to the policy which has directed your work in the past and to let no considerations of caste, creed or politics influence you in your attempt to promote the welfare of your fellow country-men. Take as your motto the wise saying of the Greek poet "not merely to be better than others but always to be the very best" and all will be well with your great endeavour.

LETTERS OF SYMPATHY.

After the Presidential address had been delivered, Prof. Ramanathan Chairman of the Reception Committee, announced that letters had been received from the following gentlemen expressing their inability to attend the Conference:—The Hon'ble Mr. K. V. Rangaswami Aiyangar, the Hon'ble the Rajah of Ramnad, Mr. C. Srinivasa Aiyangar (Mysore), Mr. N. Subbai Row (Rajahmundry), the Hon'ble Mr. K. R. V. Krishna Row (Cocanada), the Bishop of Dronecal, Mr. K. Seshagiri Row (Kambianallur), Mr. Narayana Aiyangar (Registrar of Co-operative Societies, Mysore), the Hon'ble Mr. T. Rangachari and a few others.

RESOLUTIONS.

The Late Mr. Adinarayana Iyah.

The following resolution was put from the chair and carried:—

This Conference places on record its high appreciation of the services rendered to the cause of co-operation by the late Dewan Bahadur M. Adinarayanayyah Garu who was one of the most prominent and earnest co-operators of this Presidency and whose enthusiasm for improving agriculture through co-operation was unbounded, and its sense of deep regret at the loss sustained by the movement by his demise.

Apex Bank.

Rai Saheb R. Ramaswami Aiyar of Madura moved the following resolution:—

That an Apex Bank be organised at an early date on the lines recommended by the Imperial Committee on co-operation.

He said that there were at present about 2,000 primary societies and so far as those societies were concerned, it was expected that the central banks would answer those societies fully. So far as the central banks were concerned the want of an apex bank was keenly felt, if the central banks should be worked efficiently and on popular lines. Government also had felt the necessity for and apex bank. An apex bank was quite essential for the further progress of the co-operative movement. Was there a possibility of an apex bank coming into existence in the near future? As soon as District Banks and Banking Unions were started, capital would be required. As far as finance was concerned there was no difficulty: but only those Banks were unable to send money to the quarters where money was needed. The main purpose of the apex bank was co-ordination. The apex bank was to receive the surplus of one bank and supplement the deficiencies of another bank. The Central Urban Bank might be persuaded to serve the purpose of an apex bank. That was one of the serious problems engaging the attention of the Government, the Registrar of the Co-operative Societies and also the Central Banks of the Presidency. Originally the Central Urban Bank was constituted for the purpose of financing. But the principles of the Central Urban Bank and the Provincial Bank were entirely different. The main purpose of the Provincial Bank was that it should have the direction of provincial co-operative finance. It should utilise the surplus of certain banks for supplying the deficiency of other banks wherever required. The rate of interest on the surplus amount received by the Apex Bank and on the amount lent should be such as to leave a margin for meeting the working charges and the cost of supervision. There should be absolute representation from end to end. If the Madras Central Urban Bank was to be made an apex bank its constitution should be changed, Primary Societies should be allowed to participate in its management and every member admitted should have a voting power. He was informed that the Central Urban Bank had made certain proposals for the purpose of bringing about a harmonious relation between itself and the Central Banks for the purpose of helping the movement for which it was originally started. They should see whether those proposals were acceptable. They had offered shares to Co-operative Societies under certain limitations; votes were distributed according to the number of shares held; and if the shares were not fully paid up the societies would not have the right of vote. Therefore he would say that the offers were not acceptable. Any bank to be an apex bank must be able to control the Provincial finance and must admit the representative principle. The Madras Central Urban Bank could not adequately control provincial finance so long as it cared about dividends. The existing central banks were capable of running their own apex bank with their own resources.

Mr. Shiva Row of Puttur seconded and Messrs. Venkataranga Aiyangar of Vizianagram and T. R. Srinivasa Aiyya of Tanjore supported the resolution which was unanimously carried.

Conferences of Registrar and Assistant Registrars.

Mr. M. S. Seshachellam Aiyar then moved the following resolution:—

Central Banks and District Banking Unions be invited to send representatives and attend the periodical Conferences of Registrar and Assistant Registrars and they should be permitted to vote on all questions concerning the movement except those that relate to the internal administration of their own department.

He said that in those periodical conferences, important resolutions were sometimes passed and brought into force by means of circular orders and some of them were objected to by co-operators. If non-official representatives of District Banks and Banking Unions were allowed to take part in the deliberations of the Conference, such things would be avoided and Secretaries of the Banks and the Banking Unions would become educated and guided by the Department. Instead of getting this as a concession, they wanted this as an obligation. The expenditure might be met from the funds for the supervision of Societies.

Mr. Venkatanatha Aiyangar seconded and Mr. V. Narayana Row supported the resolution which was put to the meeting and carried *nem con.*

Minor Sanitary Works.

Mr. S. P. Natesa Aiyar moved the following resolution:—

That this conference feels highly gratified at the appreciation which the Government have expressed regarding the satisfactory execution of the minor sanitary works hitherto entrusted to a few selected societies in the Presidency and respectfully urges on the Government the extension of the scope of the experiment by increasing the number of the societies to be selected for the purpose.

Mr. Natesa Aiyar said that last year Government selected 20 societies and entrusted them with minor sanitary works. Those works were well executed and much appreciated by Government. They now asked Government to give the same power to a larger number of Societies. If such works were entrusted to contractors who would care for their own gain, they would not take so much interest as the societies.

Rao Saheb Arulayya Naidu seconded and Mr. R. Ananda Row supported the resolution which was put to the meeting and carried.

Depots for Distribution of Seed, etc.

Mr. C. N. Krishnaswamy Aiyar of Coimbatore then moved the following resolution:—

That Central Banks and Unions be requested to open depots at suitable centres (1) for distribution of seed of pure quality, (2) agricultural machinery to individual Co-operative Societies, and (3) to arrange for the wholesale disposal of produce wherever possible.

He said that co-operative credit societies had shown themselves more capable than for mere management of credit. Time had come when a beginning was to be made in the direction indicated in the resolution. "Without the active co-operation of the credit or other form of co-operation the department of agriculture was practically helpless" said Mr. Mackenna in his book and he also said that the Department of Agriculture might make experiments and demonstrate the results in particular farms, but the initiative for the popularisation of the idea should come from Co-operative Societies. The provision of capital was the most important thing and Co-operative Societies that were able to supply that capital formed the most important means of carrying out the suggestions made by the Department of Agriculture. The societies wanted merely to attach the agricultural side to them. If that was done they could have granaries and they might be doing exactly the sort of work, the Madras Bank was doing in the various parts of the Presidency. When prices had risen they could ask the former to take possession of the stock and reimburse himself. It was he that was most in need of that kind of help. The distribution of seed was equally important. Machinery might come later on.

Rai Saheb A. Sethurama Aiyar seconded and Mr. B. V. Chellapathi Row supported the Resolution.

Mr. Venkataranga Aiyar opposed the Resolution on the ground that those things could not be accomplished by District Banks, because they required expert knowledge. A separate agency was preferable.

Mr. S. Satyamurti in supporting the resolution said that the previous speaker might note the words "wherever possible." For the distribution of pure seed, and agricultural machinery and so on, expert knowledge was not necessary. Experts were necessary to find out pure seeds and to finance and distribute. Those banks and unions could provide facilities for cheap money to do those things. They were all aware that the Provincial Co-operative Union had undertaken to do things which the Central Agricultural Committee had been asked to do.

Mr. Ramaswamy Aiyar of Madura in further supporting the resolution said that intermediaries who were making a lot of mischief in the various trades would be shut out. It was not for mere capital that societies applied to the Central Bank. They applied to the Central Bank for all the prime necessities, and the Central Bank should minister to the wants of the constituent societies.

Mr. A. Sethurama Aiyar further supported the resolution which was put to the meeting and carried.

The Hon'ble Mr. Gillman expressed his regret he would not be able to attend the Conference owing to another engagement and requested them to excuse him.

The Kumararaja of Chellapalli proposed a hearty vote of thanks to the Hon'ble Mr. Gillman and this was seconded by Mr. Swami

Govinda Naidu and carried by acclamation. The President was garlanded.

He then thanked them very much for their kind words and said that the motto of the co-operators was "deeds not words" and they deserved the greatest praise and they were doing really honest, hard and self-sacrificing work from year's end to year's end.

The Conference adjourned for the day to meet the next day.

SECOND DAY.

The Conference resumed its sitting the next day at 11-30 A. M. with the Hon'ble Dewan Bahadur P. Rajagopala Chariar, C. I. E., in the chair.

REPORTS OF SOCIETIES. (*Vide App. B*).

Mr. V. Venkatasubbaiya, the Joint-Secretary of the Madras Provincial Co-operative Union, read the report of the Union for the Co-operative year 1915-16.

Mr. N. Lakshmana Row of Cuddapah Co-operative Town Bank read the report of that Bank which showed that the Bank was represented by Hindus, Mahomedans, and Christians and that the poorer classes were paying back their loans in small amount and the interests on the loans were being regularly paid. One feature of this Bank was that it allowed the borrowers rebates of interest on amounts repaid.

Mr. A. Seturama Aiyar of Needamangalam then read the report of the Tanjore District Co-operative Manure Society which explained the objects of the society, the process of manufacture of phosphate manure with the aid of machinery, the outturn of manure at a specified time, the price at which the manure was sold, and the effects of the manure.

Mr. A. Varadarajulu Naidu of Silk Weavers' Society, Conjeevaram, next read the report of that society. The report showed what efforts were made to raise the weavers of Conjeevaram from their impoverished state by giving them help to carry on their weaving profession unhampered by pecuniary difficulties.

Mr. Lakshminarasimha Sastri of Bukkapatnam Co-operative Society (Anantapur) read the report of that society. It said that the society was able to wean some of the members from their habits of gambling and drinking and enabled many to lead honest and economic lives.

Mr. C. N. Krishnaswamy Aiyar of Coimbatore read the report of the Todas Society. The Todas, a most primitive class of people, had no landed property of their own. Their character was praiseworthy. They were regular and punctual in their repayment of loans. There were 34 members in the society and the share capital was Rs. 75. Loans to the extent of Rs. 900 and odd were given to them on personal security for purchase of buffaloes etc. Their chief source of income was the sale of butter and milk. There was a proposal to buy up all the butter from them and pay them the cost of it and to extricate them from debts. It was but right that those people should be liberated from the clutches of Lubbais.

The Chairman observed that the Todas, though uncivilized, were honest and straightforward people and were bound to prosper with the aid of co-operation.

Mr. Bhavani Sankar Row of Ariyappu Society, Mr. G. V. Chellapathi Row of Venkatapuram Society, read the reports of those societies.

RESOLUTIONS (*Contd.*)

Facilities for Payment of Money.

The following resolution was put from the Chair and carried:—

(a) This Conference is of opinion that with a view to facilitate the payments of money to and by Co-operative Societies through the Post Office the Government of India be requested to permit factions of an anna being accepted for remittance by the Post Offices from Co-operative Societies.

(b) This Conference recommends to Government that a rebate be allowed on the Money Order commission paid by societies while remitting money to their financing agents and *vice versa* as is done in Bombay.

Co-operative Dairy Societies.

Mr. S. Satyamurti moved the following resolution:—

This Conference recommends the speedy formation of Co-operative Dairy Societies in Municipal areas in the Presidency and urges on the Municipalities that they should give all facilities for such societies in their working, for example, by erecting cowsheds and letting them out to them at reasonable rents.

He said that adulteration of milk, curd and ghee must be checked. The kind of water used in the adulteration of milk was not of wholesome nature. They were all aware of the ingredients used for the adulteration of ghee. The cowsheds were kept in a most insanitary condition and the cows themselves suffered in health and the milk they yielded could not be said to be healthy. In Madras skimmed milk passed off as genuine milk. Hence the necessity for Co-operative Dairy Societies in Municipal areas and the Societies should be given facilities by the Municipalities. This was a problem of national importance. In the Municipalities Act which was going to be amended, provision should be made so that the Municipalities may undertake to supply wholesome food to ratepayers. People in Municipalities should be made to grow in sanitary surroundings.

The resolution was duly seconded and carried.

Teachers and Co-operative Movement.

Mr. N. Lakshmana Row then moved the following resolution:—

This Conference requests the Director of Public Instruction to issue a general order permitting the Teachers of Primary and Secondary Schools (Local Fund or Municipal) to take part in the Co-operative Movement as Members or Directors of Societies with or without remuneration.

In doing so he said that recently a Sub-Assistant Inspector of Schools directed that a particular teacher should either resign his appointment in a Co-operative Society or cease to be a teacher of that Board School. The Sub-Assistant Inspector also said that all rules that applied to Government servants also applied to Board and Municipal school teachers and those teachers ought not to take part in any movement in which there was remuneration, however small it might be. The Secretary of the District Bank brought this matter to the notice of the Registrar who kindly addressed the Director of Public Instruction to pass an order. The proceeding stated that the teacher could accept the work with the permission of the Taluk Board and without any remuneration. This proceedings gave rise to alarm. That did not apply to teachers in general. In a village, those teachers alone could be relied upon for the keeping of proper accounts and for the carrying of correspondence. The teachers, if allowed to take part in the movement, could instil enthusiasm on the subject in the minds of the pupils.

Mr. G Harisarvothama Row seconded and Mr. Bharatabandasarma supported the Resolution which was put to the meeting and carried.

Rai Sahib Ramaswamy Iyer of Madura opposed the resolution and said that they had all the interests of education at heart. Teachers should not pay divided attention to education and should not be made to serve two masters. He was opposed to the passing of a general order to the effect as suggested in the resolution.

Mr. T. Prasannaraghavachari in supporting the resolution said that the services of the teachers should be availed of without detriment to their teaching work. Such teachers would work for the Co operative Societies out of school hours. Their remuneration for this noble work was very small. The time they would spend in private teaching and other private engagements might be spent on the work of the co-operative movement.

Rai Sahib A. Sethurama Aiyar of Needamangalam supported the resolution which was put to the meeting and carried.

Establishment of Non-Credit Societies.

Mr. Ramachandra Sastri of Conjeevaram then moved the following resolution in Tamil:—

That this Conference desires to impress upon the Co-operative Department the urgent need of directing the greater part of its attention in the immediate future to the establishment of non-credit societies in general and industrial societies in particular and request the Government to provide the Registrar with assistants possessing knowledge of agriculture, weaving and trade.

He said that if the Assistant Registrars were men possessing knowledge of industries, they would know how to frame the bye-laws necessary for the starting of industrial societies. The present Assistant Registrars did not possess such knowledge. Although there were about 2,000 Societies in the Province, there was only one Weavers' Society.

Mr. B. Panchapagesa Sastriar seconded and Mr. D. Hanumantha Row supported the resolution which was put to the meeting and carried.

Seats in Local Boards for Co-operators.

Mr. M. Anantha Rau moved the following resolution :—

That this Conference considers it highly desirable that service on the Managing Committees of Co-operative Societies is a qualification for voting and candidature for seats in Local Boards and Municipalities.

He said Managing Committees of Co-operative Societies afforded ample training ground for the formation of various qualities required of candidates for seats in local boards and Municipal Councils. Those qualities were width of comprehension, readiness to retort, directness of argument, keen sense of responsibility and so on. Further if it was done, it would raise the tone of Local Boards and Municipal Councils. This was just the time when provision should be made in the District Municipalities and Local Boards Acts.

Mr. Prasannaraghava Chariar in seconding the resolution said that if the proposal was carried it would give a stimulus to people to take more interest in matters affecting the public.

Mr. Singaravelu Mudaliar supported the resolution which was put to the meeting and carried.

The Conference adjourned for lunch at 2 P.M. and re-assembled at 3.

On the Conference re-assembling after lunch on Saturday, the Kumararaja of Chellapalli moved a resolution to the effect that the Head of the Co-operative Credit Societies should always be an Indian. In doing so he pointed out the various advantages that could be derived by the people by having an Indian. The rapid strides which the movement had made in this Presidency since its inception was solely due to Indians being at its head. The head of the department must be one who should be actuated by sympathy and not fettered by formalities. Such sympathy as should be exercised could be best done only by an Indian. Prof. K. B. Ramanathan in seconding the resolution said that if an Indian was at the head of the Department he could serve the cause of co-operation even after his retirement. His services would be useful throughout his life whereas it was not so in the case of an Englishman.

The resolution was unanimously carried.

Building Societies.

Mr. O. M. Venkatanatha Ayyangar of Uttaramerur moved the following resolution:

This Conference views with alarm the Government of India's Order refusing to aid Building Societies financially and requests the Government to reconsider their decision as those societies cannot get on without State aid.

Mr. C. N. Krishnaswamy Iyer of Coimbatore, seconded the resolution which was supported by Mr. G. V. Chelapaty Rao of Kaikalur.

Indian Trusts Act.

Mr. G. Harisarvottamarau, Editor, ***Andhrapatrika***, then moved a resolution urging the amendment of the Indian Trusts Act so that Trust Funds might be invested in Co-operative Societies.

In doing so he said that there seemed to be an idea in certain quarters that if Trust money should be placed at the disposal of Co-operation, the Societies might not be self-supporting. He characterised such an idea as a mere illusion for self-supporting business meant that a Society should be able to liquidate the money it had taken within the prescribed time.

Mr. V. Krishnamachariar of Chittore in seconding the resolution said that there was the best security in investing in Co-operation, for unlike other concerns it was stable as it was founded on the solid bed-rock of honesty and perfect security.

Mr. K. Lakshmana Rao supported the proposition. Mr. B. Chinniah Naidu in further supporting the proposition said that not only should the Trusts Act be amended to permit Trust funds being invested in Co-operation but it should also be insisted that the money should be invested for the same rate of interest as it was now invested in Government Securities.

The resolution was unanimously carried.

Bye-laws of Co-operative Societies.

Mr. C. N. Krishnaswamy Iyer then moved the following proposition:

The Conference resolves that by-laws consistent with the Act and approved by the Registrar should not be set aside automatically by any rule or circular that may be issued by the Government or by the Department but shall be held to be in force until in the usual course they are altered or rescinded.

He said that the Section 43 enabled the Local Government to make rules so as to supplement the Act whenever they feel the necessity and when once published and allowed to be discussed the Act said they were to be regarded as if enacted in this Act. He was told that the section was absolute and the Local Government could set aside the Act by one stroke of the pen. When Co-operative Societies were required to conform to law they had a right to ask Government to behave in a similar way.

The proposition was duly seconded and passed.

President's concluding Speech.

The President, the Hon'ble Dewan Bahadur P. Rajagopalachariar, in the course of his concluding remarks said :—The present situation had clearly shown that they understood co-operation well. There might of course be differences—sharp differences—but the existence of such differences would have a wholesome effect on the movement. There must at the same time be fullest toleration that members might differ in regard to any particular matter. It was well understood and recognised that they had one aim, the interest and well-being of the movement. That being so, he considered there was no anxiety in regard to the future.

The Hon'ble Mr. Gillman sounded a note of warning the previous day that he was not committing the Government in any way. Though an humbler individual he would also say the same thing. He had nothing to do with Co-operation either in the Secretariat or outside it. Solely on the ground that he was the late Registrar he thought he should make a few remarks.

In regard to the question of an Apex Bank he said that there had been a good deal of discussion whether the Madras Central Urban Bank was or was not to be converted into an Apex Bank. But in the form in which the Resolution was put he might consider it as quite unexcepticnal. The Conference was bound by the Resolutions it passed and not by the speeches that were delivered in it. There was little chance cf the Goverrment being prejudicial to the interests of ordinary societies. They had a Registrar whose interest in the movement was beyond doubt and who would be the last man to a party that would sacrifice the interests of societies. As a matter of fact they all knew that the Committee on Co-operation itself suggested that Madras Central Urban Bank should be converted into an Apex Bank, and there might be several people who thought that an attempt should be made. That was a matter which the Conference would be well advised to leave safely in the hands of the Government and the Registrar who had at heart the permanent interests of Co-operation. As regards the representation of Banking Unions at the periodical Conferences of Registrars he said that kind of resolution would give considerable difficulty. The Registrar and the Assistant Registrars, must speak freely on several banks. They were not general problems discussed in an academic way. That being so, was it desirable that they should insist upon being present? If the Department did not give effect to such a resolution it was not because they were not unwilling to make development on democratic lines but because it might not be possible as a matter of practical politics.

With regard to resolution No. 5 he said that there was a danger of combining in one organisation both loaning and trading. There was thus a danger of money getting locked up in a form which might not be available for loans. It was one of the essential objects of a money lending society that money should be fluid.

Finally he regretted that Madras had lagged behind in respect of non-credit societies. With regard to non-credit societies he said that it was worth having 10 non-credit societies than having 100 credit societies. Just as in the individual societies members are roped together, societies also should be roped together so that no society should be in a position to feel isolated.

Rai Sahib K. Ramaswamy Iyer of Madura proposed a hearty vote of thaks to the President and the Conference dissolved.

THE

Madras Bulletin of Co-operation.

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NOTES AND NEWS.

Ourselves.

Our readers will be glad to hear that the Government have been pleased to approve the proposal of converting our *Bulletin* into a monthly. The need for such a change has been widely felt for a very long time. It is impossible to overestimate the advantages which a monthly in three langages—English, Tamil and Telugu—would confer on the co-operators of this Presidency and needless to dilate upon its immense usefulness to the propagandist work in co-operation far and near. This being a non-official organ, its success will be watched with interest by the co-operators of not only this Presidency but of other Provinces as well. It is expected that the public will extend their patronage to the *Bulletin* when it is made a monthly.

* * * *

At a meeting of the representatives of the smaller Co-operative Societies in the Madras City held in March 1917, at the office premises of the Registrar of Co-operative Societies, it was resolved to entrust the supervision of those societies to the Madras Provincial Co-operative Union, Ld. The fee which the societies have promised to contribute towards the supervision fund is 8 annas per cent. on the moneys borrowed by them, and the financing bank in their turn may pay an equal share or a little less. Although this work may entail an expenditure far higher than the amount contributed, the union has undert[illegible] in a co-operative spirit, feeling sure that in the long run the fund would prove sufficient to meet the charges incurred.

The Madras Social Service League.

The Madras Social Service League ever since its inception has included co-operation also as forming part of its legitimate work and has been spreading the principles of co-operation among the Panchamas who generally occupy selected areas in the heart of the city. The Panchama hamlets are conspicuous from the presence in their neighbourhood of the money-lenders' shops and public taverns, the usual resort of the people. Although many of them earn about Rs. 10 to Rs. 15 per month, they are always indebted to the Sowcar who advances loans at an usurious rate of interest of 1 anna per rupee per month in the very centre of the city itself. The toddy shop snatches away any small amount they can still hope to spare. Happily the League got to know how things went on, preached to the Panchamas the evils of drunkenness, the benefits of thirft, and other principles of co-operation and often illustrated them by exhibiting lantern slides, as without the teaching these would have no impression on the masses.

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Moreover, free night schools have been opened in some of these areas to educate them, and the success of the propagandist work connected with co-operation is thus ensured. The League is responsible not only for the organisation of about 5 societies, but for continued active supervision over them, getting for them deposits and oans wherever necessary. The Social Service League is to be congratulated for this successful patriotic work, and it is hoped that it will extend its sphere of work in other directions in this city.

Amendment of the Indian Trusts Act.

The Government of India have been pleased to grant leave to the Hon'ble Sir Fazalbhoy Currimbhoy to introduce his Bill to amend the Indian Trusts Act of 1882 into the Imperial Legislative Council. We congratulate the Hon'ble member on having brought forward this desirable amendment which, if approved, will revolutionize the Co-operative movement in India, inasmuch as it is hoped that Government will ungrudgingly come forward to guarantee interest on debentures raised by the Central Banks. The arguments in support of this amendment are so convincing as to leave no doubt

of the failure of the non-trustee security debentures though the interest on these has been guaranteed by the Secretary of State.

* * * *

The member has candidly cited as an example the Bombay Co-operative Central Bank of which he has been a director. The 4% debentures issued by the Bank, in spite of its interest being guaranteed by the Government, have not as yet been fully subscribed and are not marketable, the reason for this being that this is not classified with the securities authorised under section 20 of the Indian Trusts Act. We welcome this amendment though its scope is limited and any further alteration in the Act, such as that permitting the investment of trust funds in Co-operative Societies will to a considerable extent solve the financial problem.

Co-operative Societies and the Indian War Loan.

We note with pleasure that Bengal not content with the substantial amount she has contributed towards the Indian War Loan is now taking the lead in investing the reserve fund of Co-operative Societies in War Bonds and P.O. certificates. A conference of the representatives of the Central Banks was held recently to consider this question and a circular was issued to the Co-operative Societies with this object in view. Besides being helpful to the Government in the prosecution of the war, these investments are more lucrative, as they hitherto realised only 3½% and 4% from the Government Securities. The Central Societies in Madras, it is expected, will wake up now and find their way to invest in the Indian War Loan not only their own reserve funds, but also those of other societies entrusted to them.

The Year Book of the Department of Agriculture. The United States of America.

The Year Book of the Department of Agriculture, the United States of America, for 1915 contains very useful information regarding the Development of Agriculture through various rural organisations. It is worth studying how co-operation aids in the successful expansion of Agriculture even in a country like America which is a home of individualism. The Secretary has given an exhaustive report of the working of the several branches of his department, and in dealing with the subject of rural credits recommends the adoption of a land-mortgage banking system which is so badly needed for the development of rural economy in India. He observes: "It is generally recognised that the rural-credit problem is not a simple one. It is essentially complex. There is no single solution for it. Specific financial legislation on the part of the Federal Government, or of the States or of both will not furnish full solution. It seems clear that there should be a Federal law providing for a land-mortgage banking system. It is a question whether by Federal action existing banking arrangements may not be so modified as to bring them into closer contact with rural communities and with individual farmers, giving farm collateral more readily and fully the advantage of the re-discount feature of the Federal Revenue Act."

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Of the 24 papers published in the Year Book seven are concerned with co-operative subjects. The paper on "The Co-operative Purchase of Farm Supplies" will be instructive. Speaking of the Co-operative Stores, both rural and urban, the writer says that very few of them were successful in that country owing to a "lack of business experience with resultant poor management, small capital, inadequate accounting and auditing systems, and a lack of continued loyalty on the part of members themselves." Wherever there are already stores in existence he is strongly in favour of buying one of them and working it out on a co-operative basis instead of organising one newly there. Co-operative stores should, he concludes, "be attempted only after a most careful survey of local conditions and then only when sufficient capital and high-grade management are available."

The Indian Industries Commission.

The evidence given by Diwan Bahadur L. D. Swamikannu Pillai, Registrar of Co-operative Societies, before the Industries Commission at its sittings in Madras will reveal how far the amelioration of the poor industrial classes, such as weavers, artisans, etc., is being neglected in this Presidency and how means may be adopted for the betterment of those industries. There are very few industrial societies in Madras working on co-operative lines and even these are handicapped for want of capital. No central bank will advance loan to such societies more than the extent of their share amount; nor would Government step in with their financial aid. It is no wonder that in the circumstances of the

case poor industrial classes cannot hope to improve their lot by the formation of co-operative societies and thus there is dearth of these societies in this Presidency. It is contended that for the free flow of loans to an industrial society, its members "should contribute as share capital a substantial proportion of the loans that they might be likely to require." Its seems clear that their ever-growing poverty is not taken into consideration at all, and that they are classed with ordinary middle class people who generally contribute as share capital a proportion of the loan, they like to get from a credit institution on personal security.

* * * *

So the only possible way to help them is to have a "definite understanding as to the principle on which such societies should be financed by Central Co-operative Banks," if Government ought not to be approached for any such aid. The Registrar in concluding his written evidence says, "The special skill for management, the special scientific knowledge, the large capital, that will be required for large industries cannot be made available except by Government departments and joint stock companies working in co-operation. With large industries as an example before them, small industries will naturally come into being through co-operative societies and these may gradually be enlarged." This assumption may in all likelihood prove true. But, without waiting for that time when larger industries would come to being, it may not be unwise on our part to organise many more cottage industries on Co-operative lines and the Director of Industries would be very glad to co-operate in this work with practical demonstrations.

Conferences.

The Eighth Bengal Co-operative Conference was held in Calcutta in February last and the opening address by H. E. Lord Carmichael printed elsewhere is very instructive and characteristic of that great statesman who usually identifies his interest with that of the people in his charge. He is proud of the good record of work done in the Co-operative Department during his regime *i.e.* from June 1912—June 1916. The number of societies rose from 939 to 2243; the number of members from 40,600 to 1,21,000 and the capital involved from 26 lakhs to 124 lakhs.

After giving sound advice to the co-operators assembled regarding the efficient management of co-operative organisations, His Excellency appeals to them to work more earnestly as he rightly points out that "Co-operation has a great future in India, it is already a great factor in the national development and possibly is destined one day to be the dominant factor."

Sir Daniel Hamilton in an eloquent and impassioned speech moves a resolution to provide an efficient increased co-operative credit staff. He says that "every pice saved in the co-operative staff is a gold mohur lost to the people and another to the Government."

Of the resolutions adopted at the Bengal Conference, one relates to the utilization of the Charity Funds of societies in primary education and another bears on representation of Central Banks in Provincial and Imperial Councils. If one of the first objects to which the Charity Fund of a Central Bank or Society is primary education, and if this resolution is loyally followed there will be a wide scope for the spread of primany education in rural parts and consequent decrease in the illiteracy among the masses in general. The resolution regarding representation in the Councils, will, if accepted by Government, be a great factor in the development of the movement in India.

The Fourth Madura-Ramnad Districts Co-operative Conference came off in January last under the presidency of Mr. C. N. Krishnaswami Ayyar M. A., L. T., one of the most ardent non-official co-operators of this Presidency. We take this occasion to congratulate the organisers of the conference on their election of a co-operator as President. Hitherto it was more or less a custom to find out men from the department to preside on such occasions. This welcome departure clearly indicates that the people are slowly realising their own responsibility of the movement and in desiring to have a complete voice in the management they seek naturaly

what is most essential to its unfettered growth. The President addressed in Tamil and the speech is very exhaustive and interesting.

The Third Kistna District Co-operative Conference was held at Bhimavaram under the presidency of Mr. A. Y. G. Campbell, I. C. S. the Collector of the District. The report read by Mr. K. Nageswara Rao Pantulu Garu, the Assistant Registrar of Co-operative Societies gives a vivid description of the expansion of the movement in Kistna District. It is noteworthy to hear that out of 38 societies organised in the district from 30th June 1916 to the date of the Conference, the Honorary organisers are responsible for 36 societies and the Department only two. This is another instance to show that educated people now begin to realise that it is incumbant upon them to work disinterestedly in such a national movement which is sure to bring salvation not only to themselves but to their less fortunate country men at large.

One interesting point in the development is the organisation of societies for Panchamas. There are now as many as 17 societies in the rural parts of the district, whose members are mostly Panchamas. Societies for scavengers, toties etc., in urban areas have also been started and their condition bettered. The movement has been spreading very rapidly in the district after the advent of the present Assistant Registrar and his sympathy and enthusiasm for this side of co-operative activity is commendable.

The Mysore Agricultural calendar for 1917.

The Mysore Agricultural calendar for 1917 is more or less a collection of some useful agricultural pamphlets containing eleven articles bearing on various agricultural subjects the most interesting of them being, "The development of Agricultural Education in Mysore" by Mr. L. C. Coleman, Director of Agriculture, Mysore. He says that the remarkable progress made in agricultural education in the State is a good sign of its future development. The Central Agricultural School at Hebbal has had a record strength of students many of whom are being helped with scholarships from District and Taluq bodies who take a very active interest in this work.

A Vernacular Agricultural School was opened last year at Chikkenhali and a philanthropic land-holder of the place, besides giving a building for the school and land for practical work, has given an endowment of Rs. 25,000 the interest of which is expected to cover the living expenses of the students. The Government bear the other expenses including the pay of the teacher. It is likely that 3 more schools, will be started early on this model as some more philanthropic gentleman an forthcoming to assist the spread of agricultural education. As are experimental measure agricultural education is also imparted in some of the schools under the Department of Education. This example of Mysore is worthy to be followed.

Overdue loans.

The Secretary of the South Canara Central Co-operative Bank which has undertaken the supervision of societies has issued a timely circular to all the supervisors in the District to take prompt steps for the collection of overdue loans from members of societies in their charge. As there is only a short period before the close of this co-operative year, the work of collection should be taken up now earnestly, and the figures under "overdues" reduced to an insignificant sum. The supervisors are given sufficient latitude in this task and "their work will be judged more by the results attained in this direction than by any other standards." District Banking Unions and Supervising Unions that have undertaken the supervision of societies will do well to adopt this procedure, if no such steps have already been taken in that direction.

SUPPLYING GREEN MANURE SEEDS TO CO-OPERATIVE SOCIETIES.

[BY MR. H. C. SAMPSON, DEPUTY DIRECTOR OF AGRICULTURE, MADRAS.]

1. Up to now I have been storing green manure seeds with the Kumbakonam Agricultural Association, which I understand, is to all intents and purposes the same as the Kumbakonam Manure and Seed Supply Co-operative Society. This society acts as a depôt similar to our green manure village depôts *i.e.*, they stock and sell the seeds for the Department and keep a register of sales and money transactions. An officer of this Department periodically checks the stocks held and collects the monies received. For this work the depôt agent receives 4 annas a bag commission. It does useful work and helps this Department which would, in any case, have a seed depot here, but it is not co-operation, which in the case of the society I should like to see developed.

2. I have just had a similar application to store seeds of green manure crops from the Tanjore District Co-operative Manure Society of Nidamangalam. Except in a tract where the Department is working and the Society acts merely as a depot to supply all comers such a procedure entails an unnecessary risk for Government as there is no guarantee that the seeds will be sold, and secondly it does not show even the elements of co-operative purchase and supply. Further my stocks of seed are based on estimates prepared in the tracts where departmental officers are working and subsequent demands from co-operative societies may be over and above their estimate. If such indents are complied with it naturally deplots my stocks from where I know that the seed can be fully utilised.

3. What I should like such societies and ultimately any other societies which require green manure seeds to do is to make their own estimates based on the actual requirements of their members and purchase such quantity out-right. If they wish to purchase such seeds through this Department I am willing to help them as far as I am able on the following conditions :—

(*a*). That they will finance the purchase, *i.e.*, give money advance and settle up all accounts on delivery. This is necessary as I have no reserve fund with me to meet these advance charges nor to pay for the seeds on delivery.

(*b*). That they will submit their indents by May for delivery in December.

(*c*). That this Department undertakes no guarantee to supply in full the requirements of the society. I have to make this proviso for the present as the Department is not able to fulfil its own requirements of certain kinds of seeds, though efforts are being made to tap new areas of supply.

(*d*). That the Societies' sales at their prices are confined to members of the society, any outside sales will be at the same rate which the Department sells the seed at. If this proviso is followed the society can fix its own prices for sale and all members may thus be able to benefit by any reduced sale price they may be able to effect over the prices at which this Department sells. Such a reduction would be quite possible as it is presumed all sales are made from one central depot, while sales made by the Department are from scattered village depots which generally increase the sale expenses.

4. It is quite possible, however, when this line of work develops in the hands of a Co-operative Society they may be able to make better arrangements for seed supply on their own initiative than by seeking the aid of the Department.

5. I should like to develop such Co-operative purchase and sale by societies in the tracts where the Department is meeting with success in the cultivation of green manure crops. The work is developing very quickly and is beginning to reach a stage when it will be too large for departmental management and I should therefore welcome any real co-operation between rural credit societies and this Department. In the first instance I propose that such societies would merely act as sale depots of the Department and receive commission of 4 annas a bag on retail sales. When they have familiarised themselves with the work each society might then make a consolidated indent for the seed requirements of its society which the Department would purchase for them, on the conditions named above for such societies, which have

been formed mainly for the purpose of purchase and sale of manures etc. This indent could either be for sale to *members* of the society based on members' actual requirements or for sale in the neighbourhood to members and non-members based on the previous year's sales of the depots. In the former case the Department would continue to stock seeds with the society which would be for sale to non-members at departmental rates. In the latter case the society would have to guarantee to sell to non-members at departmental rates and to be willing to sell to all applicants. This last point is of importance because green *manure* crops are grown on wet lands which are usually cultivated by tenants or on some share system and there is always danger that a few landlords will monopolise the seed supply to the exclusion of their tenantry. I may state here that in fixing the sale price of green manure seeds the Department allows for a considerable profit not with the idea of making revenue but with the sole idea of encouraging private enterprise, such as I am now suggesting to you that Co-operative Societies might take up. If any societies are willing and are suitable taking up their work in the tracts I mention below, I am willing to give them particulars of the cost of the seeds delivered at their depot, so that while they are working this as a departmental depot on commission on sales they can ascertain what the profit would have been to the society if they had bought the seeds outright in the first instance. This will be something to lay before their panchayat when the question of purchasing their own supply of seed is discussed.

The following are the tracts where work has made progress and where we already have village depots.

Coimbatore District.

1. Wet land area under Bhavani anicut in Gobichetipalayam Taluk. 2. Noyil valley in Coimbatore Taluk. 3. Amravati valley in Dharmapuram Taluk. 4. Cauvery valley in Erode Taluk.

Salem District.

Attur Taluk. Musiri Taluk (no depots here).

Tanjore District.

Chiefly in Mayavaram-Shiyali Taluks also in Kumbakonam Taluk we have a depot already mentioned.

Trichinopoly District.

Musiri Taluk (no depot). Perambalur Taluk (no depot). Karur Taluk (no depot).

We have also supplied seeds to the Lalgudi Co-operative Society for some years now.

I have Agricultural Demonstrators for all these districts and if further details of the areas and prospects of co-operative work are required I can arrange for them to meet the Assistant Registrars of Co-operation Societies or Inspectors to discuss the matter fully.

CO-OPERATION AND LOCAL SELF-GOVERNMENT.

[BY A CO-OPERATOR.]

While fully appreciating the valuable article contributed by Mr. Ananda Rao of Puttur on an all-important subject in the Co-operative world, I wish to join hands with him and as a humble co-operator, though far removed from district centres, I make bold to express my few thoughts upon the subject discussed by him.

One cannot overlook the fact that the soil of India is best adopted for the growth of co-operation and it cannot be gain said, as has been well observed by Mr. Chakkravarthi in his address in the Mysore Co-operative Conference, that the Co-operative movement has been rapidly growing in India—so rapidly that the increase of societies has been regarded with some suspicion and apprehension by some of the best friends of the movement.

The development of the movement has in recent years, so much attracted the attention of the Imperial Government that in their review of the history of the movement in all its various aspects, they have concluded by saying R. c. S. 12287—1, dated Simla the 17th June 1914, that finally, although district officers need not concern themselves with the details of initiation and inspection, they must recognise that a new factor in district administration has come into being,

: new duties and new responsibilities have been thrown upon them, that the movement, if wisely directed, may form yet another link ch binds together Government and the people.

Two years have elapsed since the dictum was passed, and the rict officers seem to have paid no attention to it, nor do they n to have any such feeling. That the Co-operative Societies received public recognition and public confidence, except in a unhealthy areas, that they have successfully undertaken to execute :s of public utility, as sanitary works from Government grants, is denied by many though not supported in such a way as it ought by the district and subordinate officers.

It may not be out of place to mention here that an experienced ict officer, who was living for many years in the heart of Co- ative movement and who presided over a district conference, has pletley ignored the existence of co-operative societies, in his *orandum* on simplification of union accounts—Memorandum No. -K. dated 22nd May 1916, Government of Madras, Local and cipal department. He suggests in paragraph 12 of the annexure that void trouble and expense of sending messengers to pay in and money from the treasury smaller unions may resort to the -Office Savings Bank and recommends for moving the Government ndia to relax the rules prohibiting the investment of union funds Post-Office Savings Bank.

The Co-operative Societies that are found widely scatttered in the r union areas, seem to have escaped his consideration at all.

While moving the Government of India for such amendment, ould be kept in view that in such of the union areas where Co-operative Societies are working in a sound basis, to the atisfaction of the Union Panchayat they should be made to act rt of the Treasury, and only where there are none, Post-office gs Bank should be had recourse to. This is a just claim deserv- e attention of the Government in the formation of new unions the modification of union accounts. I hope this would be lered in the enactment of the new Local Board Act said to be on vil now. This view has been accepted by some Taluq Board ıd there is no reason why it should not be adopted by all. While ›lding this view, I should be highly glad to be corrected or criticised ith proper reasons.

As a humble Co-operator and as a member of the Taluq Board, would appeal to the Government that the recognition of the ınchayatdars of a Co-operative Society as a body eligible for voting or candidature for elections to Local Boards representative in ıaracter, would also act as a stimulus or inducement for many to ›vet the place of Panchayatdars. The advantages of conferring such ivileges upon the Panchayatdars of Co-operative Societies are indeed ınifold and they have been well brought out by Mr. Ananda Rao, y more words upon them would be simply a repetition.

CO-OPERATIVE SOCIETIES FOR THE EXPORT OF EGGS IN DENMARK.

The December number of the *Monthly Bulletin of Economic and ıial Intelligence* contains a very interesting article on the above ›ject, of which the following is an abstract :—

Upto 1870 poultry keeping in Denmark was not considered as a ırce of agricultural income and the production of eggs was limited the quantity needed for local consumption. Between years 1875 l 1878 scientific poultry keeping was aimed at, the industry began levelop and there was rapid progress in the export of eggs. But re was no systematic organization to regulate the export, to make source of revenue for the numerous class of small landowners.

At first the producers sold their eggs to the country dealers, who ;ed them on one side until they had accumulated to a respectable :k which they resold to the wholesale dealers. The latter as soon hey held a sufficient quantity despatched them to foreign importers. : consequence was that producers received low prices. The small lucers, being ignorant of the exact conditions of the market found

themselves completely at the mercy of the middlemen and were also unable to establish any fruitful competition among the latter. Each middleman, however, to lessen his expenditure, had to store up a large quantity of eggs before they could reach the purchaser and thereby entailed loss to the purchaser the eggs becoming depreciated in quality in the mean while. At times speculation about the price was so much rife that a large quantity was held up in stock and when they finally reached the consumers, they were more or less in an uneatable state.

The need for reform was great, to organize the industry in such a way as to make the eggs reach the consumer as quiclky and in as fresh a state as possible, thereby securing to the producer the highest value possible for it. To achieve this, it was found nececessary to organize the trade on the following basis, (1) to collect the eggs rapidly from the producers, (2) to afford facilities to the dealers and wholesale merchants to despatch them without loss of time (3) and, the most important of them all, to have the eggs carefully examined, to sort and pack them systematically. The existence of middlemen caused the greatest delay in the transmission. It was found necessary that the only remedy to such a condition, was that the producers had to form an organisation of their own to look to the size and the quality of the productions, to find out a market for it and a machinery for speedy transmission of the eggs in their fresh state from the producer to the consumer direct. They had but to act as they had done in the matter of the productive butter and bacon, *viz.*, the formation of a Co-operative Society to extend its activity over the whole country, to exclude all middlemen, and to export the production to the foreign markets directly.

A scheme to form such a society was put fourth in 1894 and in the early months of 1895 the Society started work under the name '*Dansk Andel Aegek's port* and grew into importaace so rapidly that in the following year it had 14000 members. Subsequently several societies were started, but they were only shortlived and were only glad to merge themselves into the larger society. Apart from this, there are at present, seven such Co-operative Societies which export eggs on co-operative principle, but their combined trade hardly amounts to two-thirds of that of the single larger society mentioned above.

These Societies, after all, contribute only a quarter of the export which was in 1914 about 28·6 million killogrammers. This *Dansk Andel Aegek's port* is the largest of the societies which exist to export eggs, the most scientifically organised and that which most rigorously applies the co-operative principles. The principle object of this Soiety is to render the best foreign markets accessible to foreign eggs and this is achieved by guaranteeing to purchasers by means of a special registered mark on the eggs the freshness of the eggs supplied to them. Moreover this society aims at defending the interests of the producers and is also able to look to the preservation of eggs, the selling and keeping of the poultry of its members as well as with the promotion of scientific and profitable poultry keeping.

This Society is composed of circles called eggs circles or egg collection circles, of at least ten members each. Only the circles can become members of this Society and they are to collect the eggs and send them to the Society's centres for despatch.

Membership of a circle is for a year and each circle must when enrolling send a copy of its by-laws, and a list of its members.

PROGRESS OF CO-OPERATION IN INDIA.

INDIAN TRUSTS (AMENDMENT) BILL.

At the meeting of the Imperial Legislative Council held in March last, the Hon'ble Sir Fazulbhoy Currimbhoy in moving for leave to introduce the bill to amend the Indian Trusts Act spoke as follows :—

"Sir, I rise to ask leave to introduce the Bill to amend the Indian Trusts Act. 1882. I desire to take this opportunity of expressing to the Government of India the grateful thanks of not only my Co-Directors of the Bombay Central Co-operative Bank and myself, but of all those in any way interested in the Co-operative movement in India. The acceptance of this amendment, even in its strictly limited form, will give a great impetus to co-operation.

"The Bombay Central Co-operative Bank came into existence in 1911. The immediate need for such a Bank arose through the increase in the number of Co-operative Societies in the Bombay Presidency, with the result that the question of finding capital sufficient to meet their demands and commensurate with the credit offered by them began to assume serious importance. It became apparent that without the existence of a strong financial organisation which would confine its operations exclusively to advancing loans to Co-operative Societies, the movement would be seriously handicapped. Government were, therefore, approached with a scheme for a Central Co-operative Bank, and it was demonstrated that it could be worked successfully if Government were prepared to concede certain facilities. For once, negotiations of this nature with Government terminated to the satisfaction of the negotiators, and the Bombay Central Co-operative Societies Act became an accomplished fact. Here, Sir, I may take the occasion to explain that it is this fact of the Bank being registered under the Co-operative Societies Act and not under the Indian Companies Act which has necessitated the introduction of this amending Bill. Under the law as it exists at present, while trust moneys may be invested in debentures of Railways or other Companies, the interest whereon has been guaranteed by the Secretary of State for India in Council, such funds cannot be invested in debentures with a similar guarantee issued by a society registered under the

Co-operative Societies Act, 1912. This discrepancy may be further explained by the fact that, at the time of the enactment of the Indian Trusts Act, Co-operative Societies did not exist in India. Further, in order to encourage the growth of the co-operative movement Government have from time to time conferred certain privileges on, and granted concessions to, registered Co-operative Societies. These concessions are partly judicial and partly fiscal. But 'unlike most European Governments, the Government of India', to quote from the report of the Committee on Co-operation, 'has hitherto closely adhered to the principle that it should abstain from giving direct financial aid to the movement. From this attitude it has admitted to departure on three different occasions, the most important of these being that it has in the case of the Bombay Central Co-operative Bank, agreed to guarantee interest on debentures issued.' The terms and conditions of the issue of these debentures is explained at length in the Statement of Objects and Reasons appended to the Bill, and I will not therefore take up the time of the Council by an elaboration of them. I will only briefly explain the nature of the security that the Bank's debentures offer. The guarantee to the investor is the Government guarantee of 4 per cent. interest until the debentures are redeemed. The investor is secured not only of his interest until redemption, but of the redemption of the debentures themselves by the maintenance of a Sinking Fund under the control of the Government for that redmption. The assets of the Bank, including the share capital, deposits, and reserve and other funds are again all pledged for the redemption of the debentures. The present position is that the assets are worth rupees twenty lakhs and over, while the debentures issued and subscribed amount to Rs. 6,80,000 only. But the assets of the Bank are only a complimentary guarantee for the return of the principal, and these must of necessity grow both in extent and security every year through the operation of the Sinking Fund clause in the Bank's Agreement with the Government. That the Government can and do exercise over the Bank a greater measure of control than over the Railway and other Companies is obvious to all connected with the co-operative movement. Government not only prescribe to whom loans shall be made and to what extent, but even possess the power of laying down where the surplus moneys of the Bank shall be deposited. Moreover a special auditor has been retained under the Registrar of Co-operative Societies to audit the accounts of this and other central societies at their own expense.

"It was presumed at the time the debentures of the Bank were first issued, that as the interest on them had been guaranteed by the Secretary of State, these debentures would rank as securities sanctioned under S. 20 (*c*) of the Indian Trusts Act for the investment of trust money. Through the influence of the promoters of the Bank, practically the whole of the first two issues of debentures of the value of Rs. 6,30,000 were underwritten before the bank was floated. But investment in a 4 per cent. non-trustee security is hardly attractive, and in spite of their best efforts, the Directors of the Bank have found it impossible to make the debentures a marketable security. My friend, Sir Shapurji B. Broacha, the President of the Bombay Stock Brokers' Association, who was till recently a Director of the Bank, was of opinion that he could not assist in placing the debentures on the market, unless they were recognized as securities authorized under section 20 of the Indian Trusts Act. There is also no doubt that the proposed amendment of the Act is desirable for the purpose of extending the range of safe and profitable investments, in the interest of beneficiaries and those who act for them. Such investment has been proposed by several holders of trust funds, the only difficulty being the non-recognition of the debentures as trust securities.

"It is admitted that if the co-operative movement is to be successful, the problem of rural indebtedness must receive immediate attention, and it is evident that for this purpose a free supply of long-term capital is essential. It was to enable the Bank to obtain long-term capital, and thus to be placed in a position to meet the demands of Co-operative Societies for long-term loans for the liquidation of the old debts of their members, that the Secretary of State agreed to guarantee interest on the debentures of the Bank. If the agricultural societies in Bombay are to enjoy the facility of obtaining long-term loans for debt redemption and agricultural improvements, it is necessary that the guarantee which the Secretary of State has been pleased to grant should be recognized as a real and effective guarantee by the passing into law of the proposed amendment of the Indian Trusts Act.

"With these few remarks, I beg, Sir, to move that leave be granted to introduce the Bill to amend the Indian Trusts Act, 1882(II of 1882)."

The motion was put and agreed to.

THE INDIAN INDUSTRIES COMMISSION.

The following evidence given by Dewan Bahadur L. D. Swami-Kannu Pillai, Registrar of Co-operative Societies, Madras, before the Indian Industrial Commission will be found very interesting :—

Written Evidence.

I may deal briefly with the question of the extent to which industries have been developed or assisted by the formation of Co-operative Societies, the exact means adopted, and the results obtained. In the by-laws of all Co-operative Credit Societies there is a rule enabling members who belong to the artisan and industrial classes to obtain loans for the purchase of raw materials required for industries. The amount of money advanced for these purposes is, however, very small being under Rs. 24,000 in non-agricultural and under Rs. 47,000 in agricultural societies for the year 1915-16. It is probably not far from the truth to say that the enormous expansion of the Co-operative Credit movement in this Presidency has done comparatively little for the promotion of industries. There is every year a certain increase in the amount advanced for industrial purposes but it will probably be a long time before there is any considerable change in the proportion of the working capital which is devoted to the assistance of industries.

There are three societies which have been registered for the express purpose of carrying on certain industries, namely, the Conjeevaram Weavers' Union, Mambalam Building and Oil Mongers' Society. The transactions of none of these societies are on a large scale.

It is in fact not possible to expect that for some time to come Co-operative Societies will take up industries on a large scale. They have as yet gained little experience in the organisation of such special societies, or in the building up of share capital which is most essential. The principal difficulty that has to be contended with is want of share capital. In the first place the members of an industrial society should contribute as share capital a substantial proportion of the loans that they might be likely to require and in the second place there should be a definite understanding as to the principle on which such societies should be financed by Central Co-operative Banks. Supposing one hundred members of an industrial society are willing to pay Rs. 10 each as share capital, there is no Central Bank that will give them a loan much exceeding the total amount of share capital, namely Rs. 1,000.

This is the main difficulty at present with industrial societies, and it is necessary that Central Banks should be induced to deal more liberally with applications for loans from such societies.

As regards question 12 (what are the industries for which co-operative societies should be encouraged, and what should be the organisation and special objects of these societies ?). The weaving industry appears to be the one most capable of co-operative development, but there are many other industries which may be developed co-operatively. Oil pressing on the East Coast and fish curing on the West, have Co-operative Societies specially devoted to them. Other industries may be mentioned as being likely to benefit by co-operative treatment, but the part which Co-operative Societies are likely to play in industrial development will be subordinate and auxiliary to the introduction of large indnstries. The object of Industrial Co-operative Societies must be to familiarise the poorer and middle classes with advantages of industrial combination and not to introduce industrial combination itself on a large scale for the development of the country as a whole. The special skill for management, the special scientific knowledge, the large capital, that will be required for large industries cannot be made available except by Government departments and Joint Stock Companies working in co-operation. With large industries as an example before them, small industries will naturally come into being through Co-operative Societies and these may gradually be enlarged.

Oral Eivdence.

He said to Mr. Low :—There are a few productive societies on co-operative principle. The Society at Conjeeveram produces cloth. It has been working for a number of years. I cannot say it has been very successful. Conjeevaram is a large weaving centre and the society cannot reach any large portion of the weaving society. The society at Mambalam produces gingelly oil. They do not use power plant. They are not making such large profits as to attract a very large number of people. There is another oil producing society at Chingleput which is getting on well. It is a young society under two years. There is no Co-operative Society producing raw material. There is a sharp distinction made between credit societies and other kinds of Co-operative Societies. For instance we do not ordinarily allow credit societies to purchase yarns and divide them among weavers. In a few cases some ten or twenty members of a credit society take a joint loan from the society and utilise the money for similar purposes. I have no accurate records of those cases, for I am only concerned with joint loans. Loans are given largely for agricultural requisites. We are most anxious to encourage societies for productive industries but there is no large popular demand for the same. The sale of yarns is in the hands of bigger weavers in every place and that is our difficulty in forming Co-operative Societies of smaller weavers. The Society at Conjeevaram is able to sell its products as soon as they are made. The production is limited by the prospect of sale. If we have a certain market we can start more productive Co-operative Societies. We have also a fisheries Co-operative Society which has been successful. They raise much of their share capital themselves. They tell us where to work when I ask them for advice. We arrange for organisation. There is no risk of our rushing into registering a society on the advice of an industrial expert.

To Pandit Malavya:—There are about 2000 societies and our working capital is about 80 lakhs. They are mostly lent for agricultural purposes—improvement of land, purchase of cattle, seed or manure, payment of sircar kist, purchase of food, for domestic expenses including education, ceremonies and sometimes or enabling members to retain their crops for better prices. Where there are Co-operative Societies there is no coercive process of Government for the purpose of recovering revenue. The rate of interest at which money is lent is 9 per cent. the lowest rate in the market. We have to build up our reserve fund and to meet the expenses of the Society. For the propagation of agricultural information there are the officers of the Agricultural Department and exhibitions have been frequently held. One or two people are always available in a village to keep accounts of the Co-operative Society. Most of the members are not educated. There are many instances of the establishment of village schools where there are Co-operative Societies. I have on my hand applications for helping societies in starting village schools. There is a growing desire on the part of societies to organise village schools. The Co-operative *Bulletin* conducted by one of the societies contains information about co-operation everywhere in the world, and stimulates the interest of members. We tell people the advantages of co-operation by leaflets

and personally. We have about 20 distributive societies. A small beginning has been made to start societies for selling products, for instance, cotton. There is immense room for extending the activities of Co-operative Societies. Central Banks lend money to societies to the extent of their share capital. A society like that of the weavers requires money five or ten times their share capital. Then the Central Banks decline to advance money. Central Banks should begin to advance money on new principles, on the security of building, machinery, looms and so on. Particularly in the case of weavers a more liberal system should be adopted. I am not free to do all that. But the existing banks would not be endangering their business if they do that. They would be better off than new Industrial Banks which would deal exclusively with such societies. They have to be educated as well as other societies before they lend money as I have said. At present the share holders do not want to take the risk. The existing banks can help cottage industries by lending money at a low rate of interest without Government advancing any money. The weaving industry is dragging on against foreign competition. Multiplication of weaving societies will do a great deal of good. The products of cottage industries are sometimes exported to Federated Malay States, Burma etc. But the great bulk of them is absorbed within the Presidency. The cloth though coarse generally in texture is cheap and durable. The cloth worn by superior class of Indians is not imported but locally made. Introduction of industries should be done by the Department of Industries and then I would step in and ask people to co-operate in the industries started. The technical side of the industries should be shown to the people by the department of Industries and the financial and co-operative portion should be given by my department. For the development of industries there is a great deal more besides combination.

Fish canning and soap making industries have also been started. As regards the introduction of lessons on civics and on co-operation in elementary text books I prefer rather not to express definite opinions until people or somebody express a desire to include such lessons. It is useful from one point. From another point I may say, the subject of co-operation is too early to introduce in elementary schools. The introduction of mere moral idea of co-operation will not do. The moral effect is inseparable from the practical effect of the methods of business. The theory and the business side of co-operation should go hand in hand. I would advocate co-operation at a later stage. We have an official view of things. This question is already engaging the attention of a committee of Government.

To Sir Francis Stewart:—There are a half a dozen societies among fishermen on credit principle. We are trying to introduce industrial co-operation among them. We are going to do it in half a dozen places for co-operative fish curing in the yard.

To Sir Fazulbhal Currimbai:—There is a Central Co-operative Bank which is going to be made a Provincial Bank. We have got on without Government guarantee and we hope to get on without Government guarantee. We have two Central Banks in the Presidency, the share capital of the largest being 2 lakhs. These banks lend money to agricultural societies, returnable within 12 years, but are shy to lend money to societies for industries. So far as Co-operative industrial societies are concerned I think it should be possible to find money from the existing banks. I do not think co-operative industrial business would by itself be sufficiently large to engage the capital of a large industrial bank. If we have an industrial bank for the encouragement of large industries, Co-operative industrial societies will take advantage of such a bank.

OVERDUE LOANS.

1. The following circular has been issued by the South Canara Central Co-operative Bank to the Supervisors of Co-operative Societies in the South Canara District and societies that have undertaken the supervision work in other districts will find it very useful:—

The current co-operative year is fast drawing to an end, and supervisors cannot be expected to be able to visit the societies in their circles more than twice or thrice in the three months and odd that are now left in the year. The present, therefore, appears to be the proper time when the attention of the supervisors can be drawn to one of the most important features in the working of societies, *viz.*, the amount of overdue loans outstanding from members.

2. The societies in the district of South Canara have by no means been altogether free from the taint of unpunctuality in repayment on

the part of their members, but those responsible for guiding the destinies of the movement in the district have hitherto been able to derive some consolation from the fact that the percentage of overdues to the amount repayable in the last two co-operative years has been lower in this district than in any other district of the Madras Presidency; but even that percentage has unfortunately shown a tendency to rise higher, as is evident from the fact that while it stood at 2 per cent. at the end of 1914-15, it was nearly 3 per cent. at the end of 1915-16. Now that the societies have the benefit of the advice and guidance of supervisors this year they ought to show a clean sheet, or at least the discreditable percentage of "overdues" should be pushed down to a negligible quantity. Supervisors will therefore make it a point at the time of each of their future visits to societies to pay particular attention to the *actual collection of overdue loans.*

3. The exact ways and means by which they will have to set about the business are left to the discretion of the supervisors themselves, but they will perhaps do well to call together a gathering of as many members as possible especially, the defaulters, during their visits, and impress upon those gathered together their financial responsibilities and the great dangers that they will bring upon themselves either by being unpunctual themselves or by allowing unpunctuality to continue in others. It does not matter if such gatherings do not happen to contain the *quorum* necessary for a formal general meeting.

4. On the whole the Bank desires to impress upon the supervisors that *their work will be judged more by the results attained in this direction than by any other standards.* The authorities of the Central Bank are aware that in order to attend to this aspect of the supervisors' work with greater thoroughness than heretofore, it may be necessary for them to prolong their stay at each society further than the period allotted therefore in the programme prepared in advance; the supervisors are therefore hereby informed that in cases of unavoidable necessity, supervisors will be free to introduce such departures in their programme.

CO-OPERATION IN BENGAL.

LORD CARMICHAEL'S SPEECH.

Addressing the last Bengal Co-operative Conference His Excellency Lord Carmichael said:

Gentlemen—

I welcome you once again and I thank you for having come here. We held no Conference last year because it was suggested to the Government that the expenditure involved in holding one was hardly justified at a time of financial stress. I felt the force of the suggestion and agreed in the decision, though I was rather reluctant to do so and have rather regretted it ever since. Whether it was a right decision or not, I soon learned that keen co-operators were disappointed. When the matter had to be decided this year I thought that it would be a mistake to let another year pass without calling you together; I felt this for various reasons, and some of them better reasons besides the one which I admit. I did feel, that I wished to see you once again before I leave Bengal. As I have told you on other occasions I am a great believer in conferences where a movement is concerned which depends for its success largely on public support. It is necessary that the individuals who guide the movement should meet together at frequent intervals to ensure that the direction is uniform; and it is just as necessary for success that there should be free discussion among the individuals who have expert practical knowledge to ensure that the whole is moving in the right direction. Conferences have another great value; they concentrate the attention of the public at large on the value of the movement and thus help to attract new workers.

The progress of co-operation in Bengal was not so rapid during the year 1915-16 as it was during some previous years. Still an increase in societies or members and in capital of between 12 and 14 per cent. is no mean increase. The development during my term of office here has been remarkable. When I came to Bengal in 1912 the movement was struggling through its early experiences but now the co-operative credit system is firmly established in the Presidency. I have heard that when the first registrar went round Bengal preaching co-operation not many years ago, his colleagues used to say of him "He makes banks and brays!" No one now-a-days casts ridicule upon co-operative credit.

I asked Mr. Mitra to give me figures to show the progress made while I have been here. He has given me them for the four-year period, June 1912 to June 1916. These show that the number of banks has increased from 939 to 2,243: they have been multiplied by more

than $2\frac{1}{3}$ almost by $2\frac{1}{2}$, the number of members is very nearly 3 times as great as it was; from 40,600 it has grown to 1,21,000, and the capital involved has grown from 26 lakhs to 124 lakhs. I am told that with what has been added since June last it is now 130 lakhs—an increase of 400 per cent. These figures are very striking and this is especially so when one considers that during the period there was not only the crisis of 1913 in North India when the confidence of the investor was so rudely shaken, but also the fall in the price paid for jute to the growers after the outbreak of the war, which so nearly ruined many cultivators, and the great increase in cost of the necessities of life which the war has brought with it. But these very difficulties have proved benefits in disguise: in fighting them weak points have come to light and have been put right and strong points have been brought into relief and the public confidence has been stimulated; so that now the movement is firmly established.

But gentlemen, remarkable though the progress may appear remember this is only the beginning. You have touched but the fringe of the great problem of indebtedness in India, you have shown what can be done. Now you have to follow on and do it. The field which stretches before you is almost unlimited; the burden of agricultural and industrial indebtedness still lies upon India like a great mountain which has to be dug away, even though the labour in removing it will be enormous. But it is not only the removal of indebtedness which is needed, there is a great field for your energies in co-operation with the Agricultural Department improving the produce of the land. There is another huge field in the development of industries. I was greatly cheered at the sight of the enthusiasm of Home Industries meeting held two days ago in Dalhousie Square. I am confident that that Association which has just been founded can do a great deal for the artizan and the cottage worker, and I hope it will do it; but without industrial co-operation its effects will be to a large extent fruitless. There is an immense field before you for forming and encouraging societies among the artizans and cottage workers to enable them to free themselves from unnecessary middlemen, to purchase their raw materials wholesale, and to obtain a fair profit on the articles they manufacture. I would commend to your attention the little Depot which has been started in Bow Bazar Street by a few enthusiasts for the sale of the products of the weaving society members. I hope that the Home Industries Association will soon be able to open a Depot for the sale of the products of artizans and cottage workers throughout Bengal.

The field as I have said is almost unlimited; yet I would caution you against attempting too soon to occupy the whole of it at one time; caution in this is all the more necessary, for as the benefits of co-operation become better known, the demand for these benefits increases, and you have at the present time the great stimulus of public confidence. Remember that public confidence is the result of thorough work and never try to secure quantity at the expense of quality. Weed out all the primary societies which do not make progress. If the members are not enthusiastic their work will very soon bring discredit on the movement. There are some I know who, while they advocate thoroughness, would try to secure it by increasing the number of Government paid officials employed in the organization. Government has certain responsibilities under the law, they must see that these are efficiently discharged, and they must not render themselves liable to the charge of insufficiently providing for the necessary staff: but we must remember that the essence of this movement is self-help. There is, I fear in this country a tendency to look too much to Government for assistance in all movements which are for the good of the people, and to look too little to the people themselves. The greatest proof of the success of the movement will be the fact that its propaganda is carried on by workers who are either voluntary or who are paid by the co-operative bodies themselves.

The suggestions and advice which I have given you from time to time have always been well received, and I am glad to see from the Registrar's reports that they have been worked up to.

I was glad to read that the number of Circle Inspectors has been increased: and that there is a movement on foot for an audit paid for by the societies themselves over and above the necessary Government audit. The work of audit and supervision must go hand in hand with the work of co-operative education. I am glad to see, too, that the Central Banks are working up to my suggestions regarding adequate share capital and reserve fluid resources, liquid assets and proper co-relation between the period of the loan and the period of the deposit. I would like to lay special stress on what the Registrar says

in his report regarding the necessity for adequate expert management in the Central Banks. Every Central Bank should look forward to employing, at as early a date as possible, its own whole time paid Manager.

I confess I should at one time have liked to see the Provincial Bank founded before I left, but we all recognize that this is not the time to float a large financial concern of the nature, and I am now quite pleased that there has been delay, for experience has proved that the Central Banks are growing each of them individually stronger, and that they are able to attract more and more local deposits.

The postponement of the Provincial Bank project is, therefore, likely to be for good: for when the time comes the financial magnitude of the concern will be far greater than was originally anticipated, the constituent banks will be far stronger and will have a sound basis of finance not drawn from one place, but spread far and wide throughout the province; and the Provincial Bank will, therefore, be in a much stronger position at its start than, two years ago, I would have ventured to predict.

Gentlemen, I have kept you perhaps too long, and no doubt you are eager to get to your deliberations: but before I leave you, I want to thank you for all the self-sacrificing work you have done during the years I have been here. I thank those of you who are officials for your work; I know it was only your duty to do it; but it is a duty which you have done cheerfully, and for that I commend you. I would specially commend the work of Mr. Hart and of Mr. Prentice who made regular tours among the societies which proved of very great assistance. The non-officials too I specially thank: to them the work has been a labour of love. Co-operation has a great feature in India, it is already a great factor in the national development and possibly is destined one day to be the dominant factor.

I bid you all farewell; and as I do so I would like, in the clearest terms I can, to express my appreciation of Rai Bahadur Jamani Mohan Mitra's work as Registrar. To Mr. Mitra I feel that heartfelt thanks are due not only from us, but from all who hoped to see India flourish as I believe she can flourish.

THE INDIAN WAR LOAN AND CO-OPERATIVE SOCIETIES, IN BENGAL.

The following Circular is published in the current number of the Bengal Co-operative Journal as having been issued to all Central Banks in Bengal:—

At a large meeting of representatives of Central Banks held in Writers' Buildings on the 19th March 1917 it was resolved unanimously that the Co-operative Societies of Bengal should support the war loan with all their strength and influence.

It was decided further, to ask all central banks to invest in War Bonds and P. O. Certificates all or a large part of their own reserve funds and of the reserve funds of village societies entrusted to them for investment. Each Central Bank will decide for itself on the amount to be invested but it is expected that all will invest freely. By doing so they will be acting patriotically which is only to be expected of such institutions. But they will also be otherwise acting wisely, as the investment is much better than any investment in which they have hitherto placed their reserve funds and it is secured by the revenues of the Government of India. Further, they will not be acting justly towards their constituent societies if they do not invest their societies' reserve funds entrusted to them in the best and safest investments available and at present the best and safest investment is the Indian War Loan.

It is intended to make this investment a Provincial investment. Central Banks should communicate to the Registrar the amount they wish to invest and the manner in which they wish to invest it. The Registrar will obtain and forward the necessary bonds and certificates and arrange for them to be made repayable at the local treasuries.

Central banks holding 3½% Govt. Papers or 4% Conversion Loan are recommended to convert these into 5% war loan.

Urban or share Banks which are not affiliated to central banks are also requested to invest their funds as suggested in this circular.

It is expected that every bank will invest the largest possible sum alike on the grounds of real patriotism and sound finance.

THE KRISTNA DISTRICT CO-OPERATIVE BANK, LTD.

The first Anniversary of the Kristna District Co-operative Bank, Limited, was celebrated on the 26th January 1917 at the local Town Hall under the presidentship of A. Y. G. Campbell Esq., I C. S., the Collector. There was a crowded audience consisting of the shareholders of the Bank, influential officials and non-officials, rich landlords and several students. Among the distinguished visitors were the Hon'ble Mr. B. N. Sarma, Dewan Bahadur L. D. Swamikannu Pillai, Sreemanth Raju Yerlagudda Ramalinganna Bahadur. The President, before he called upon Mr. V. Narayana Rao, the Secretary to read his report, read out a letter from Mr. B. Pattabhi Seetharamayya, one of the Directors, in which he regretted his inability to attend the anniversary and expressing his profound gratification at the success of the institution under the able secretaryship of Mr. Narayana Rao who bade fair to become the Honorary Assistant Registrar of Co-operative Societies for those districts when it came to such consummation.

The Secretary's report was an interesting account of the progress of work of the Bank ever since its inception in 1915. Mr. Swamikannu Pillai then rose to speak on "Co-operative Industries". At the outset he said that the Secretary and the organisers of the Bank had to face many difficulties before the bringing of the institution into existence and congratulated them on the success of their earnest efforts. He then presented before the audience in a graphic manner the advantages of co-operative societies over joint-stock banks and of Co-operative Industrial Societies over Co-operative Credit Societies notwithstanding the fact that the management of co-operative industrial societies was specially fraught with many difficulties. The speaker emphasised on saying that the latent indigenous industries must be revised on co-operative basis and that any improved methods of agriculture, weaving, artisanship in foreign countries must be introduced in our land also. He impressed upon the attention of the audience the cardinal principle upon which a co-operative society was based, which was to create a feeling of co-operation and mutual trust in the minds of the shareholders. The learned lecturer also laid stress on the fact that the good character of the shareholders and their punctuality in paying back their loans would not only earn for them such credit but also would be conducive to the efficient work of the Society. After explaining fully the various lines upon which the work of co-operative institutions must be carried on the speaker closed his speech by earnestly hoping that many more rich citizens would come forward to take up the still available shares of the bank and evince much interest in the same. Mr. V. Subba Rau then translated into Telugu the lectures of Mr. Pillai and report of the Secretary. Next the President rose to make his concluding remarks. He began by expressing on behalf of the institution his gratitude to Mr. Swamikannu Pillai for his very interesting lecture of the evening. He hoped that they would not let what he said to evaporate without any result. He pointed out that the progress which had been made in the Co-operative movement in the past few years was most remarkable. With the aid of the statistics as found in the report, he saw that the work of the institution was efficient and said that it deserved all support that they could give it. He then proceeded to give an outline of the Co-operative Movement referring to the Village Societies, Taluq Unions, District Banks, and (Provincial) Central Urban Banks and explained their relations to one another. He said that the two ways open for assisting the movement were by personal service and by finance and that it was incumbent upon every one to assist the movement one way or the other. He then congratulated the Board of Directors upon their efficient management and considered the institution to be extremely fortunate in obtaining the services of Mr. V. Narayana Rao whose experience in banking transactions and whose zeal and enthusiasm in his work could not fail to strike their admiration. He fervently hoped that Mr. Narayana Rao with his prudence, would not rush into any rash enterprise and thereby imperil the money entrusted to his management. Turning to the learned lecturer of the evening he agreed wirh Mr. Pillai's right view that due attention should be paid to indigenous industries by not only maintaining industries which were flourishing now but also by reviving those which suffered by the competition of Western countries. He then exhorted the audience to consider well all that the learned lecturer put forward and try to translate it into practice. By so doing he assured they would do good not only to themselves but to the district to which they belonged.

In proposing votes of thanks Mr. Chidambara Rao said that taking the example set by Mr. Campbell, more officials would shake off all difficulties to take part in such movements.

CO-OPERATIVE HOUSE-BUILDING IN SOUTH INDIA.

Mr. K. C. Desikachariar, Editor of the *Local Self-Government Gazette* and Commissioner of the Madras Corporation, contributed a valuable paper to the Local and Municipal Conference held recently at Madras on Co-operative house-building in this Presidency. Therein it is pointed out that though it is nearly three years ago since the Registrar of Co-operative Societies recommended that loans should be given to Co-operative Building Societies by Government at 4 or 5 p.c., the latter have not yet passed any orders on the subject; and that, though the Corporation of Madras passed in the latter part of 1914 a resolution recommending that certain land in Royapetta should be given to members of Co-operative Building Societies at Rs. 50 per site the total value of the sites being considered as a loan to the society from the Corporation at 4% interest, no practical results have followed. Mr. Desikachariar mentions some reasons for the very slow rate at which building societies are progressing in this Province. The following are extracts from his paper :—

(1) The rate of interest ruling in the open market is never less than 9 per cent. and in the case of the poorer classes it rules much higher. Even banks which finance the co-operative movement never lend to societies at a rate lower than 7½ per cent. and individual members can never get loans from societies at less than 9⅜ per cent. As the Registrar has pointed out, it is impossible to form Building Societies with loan capital obtained from Central, Urban and District Banks at 7½ per cent. The 4 per cent. rate fixed by the Madras Corporation is very satisfactory but we cannot for a moment suppose that during the present world-struggle—when the Government is itself compelled to borrow at 5 and 5½ per cent. and local bodies at higher rates, loans can be secured for Building Societies at anything like the 4 per cent. rate proposed by the Madras Corporation.

(2) The period of repayment usually fixed by the Co-operative Banks is very short and until it is extended to a period of 40 to 50 years, the poorer classes—with a monthly income of Rs. 12 to Rs. 15 per head—cannot avail themselves of the benefits of Building Societies. Twenty years is too insufficient a period. The repayments of principal will press heavily and, if interest, is high the pressure will be all the more heavy. The only way to overcome the difficulty is to spread the repayment over a longer period, especially when interest is

high. In Western countries, the period extends to 50 years. There is no reason why the same period should not be adopted in this country. There is always the tangible security of the house and so long as the house is kept in good repair by the borrower during the period of his indebtedness, there is nothing to fear. A long period for repayment has this further recommendation, *viz.*, that the burden of the cost will be spread beyond the present generation, and it is only fair that it should be so, seeing that the borrower's heirs will benefit by the house to the same extent as the borrower himself.

(3) Municipalities have not so far shown any disposition to encourage Co-operative House Building. During recent years, town extension schemes have been started in various towns, and there has thus been ample scope for the formation of Building Societies. The advantage to the municipalities in dealing with a corporate body like a building society are many but no facilities—by way of fiscal or other concessions—have been granted. It is however refreshing to see that in a recent circular addressed to municipalities, the Government have drawn the attention of municipal councils to the organisation of Co-operative Housing Societies.

(4) The advantages of the tenant co-partnership system have not yet been realized in this province. None of the existing Building Societies are based on this system, they being intended merely to finance individual members in the matter of securing or improving house accommodation. In towns where house-sites are dear and building operations costly, advances for house building should necessarily be large if they should at all be useful; and large advances cannot be made to individual members unless they can furnish substantial security and are able to make heavy equated re-payments in discharge of the loan and interest. Both these conditions are difficult of fulfilment in the case either of the poor working man or of the petty official or trader, whom such societies are intended to benefit. On the other hand, a society as such will be able, in consequence of the larger credit it can command, to raise capital on better and easier terms. There are several other advantages besides—which the success of the Bombay Sarasvat Housing Society points out—not the least important of which is that the Society can prevent not only deterioration in the value of the houses themselves but also that of the locality and the connected conveniences and social and health amenities.

(5) The absence of voluntary effort is a great defect in this Presidency. An organisation like the Bombay Co-operative Housing Association will be a valuable agency in popularising the Co-operative Housing subject and in carrying on propagandistic work without which, I do not believe, any progress will be made in this field. A co-operator from Dindigul—a member of the Dindigul Co-operative Building Society—writes to me: "The chief reason for the paucity of work is the lack of knowledge on the part of the public in taking advantage of the Society. I suppose if we can get men to devote their time and attention to educating the public about the benefits, then some progress could be made."

(6) There is a common impression that the problem is not acute in this Presidency, and that therefore there is no need for special efforts to organise Co-operative Building Societies. This, I consider, is a short-sighted policy, and is sure to result in much waste of money in future years. If the problem is not at present a pressing one, that is perhaps all the more reason why we should profit by the sad experience of other countries where cities wake up too late —when on account of the high rise in land value and other causes, the housing problem has become very difficult of solution. But it cannot reasonably be said that the problem is not an urgent one in Madras. Rents have nearly doubled themselves during the last 20 years and observation shows that this increase in rent is undoubtedly asssociated with overcrowding in houses with its attendant evils —an increased mortality rate especially among the infants and loss of vitality in adults.

(7) The sanitary and social aspects of the Housing problem have not received the serious consideration they deserve. The comparative ease with which the common amenities of civic life—recreation grounds, bathing fountains, etc., can be provided in a scheme of Co-operative House-building has not been appreciated. From the point of view of social reform, in its broadest sense, the housing question presents important features. It need hardly be mentioned that the character of the house determines the qualities of the race.

Now, as to the actual work done in the field of Co-operative House Building in this Province. So far, 8 Building Societies have been registered. Of these one—the Mambalam Co-operative Society combines the functions of promoting building operations with the work of oil-seed pressing, and oil manufacture has been as yet the more important work done by the Society, the work turned out on the building side being almost negligible. The Madras Co-operative Building Society, though registered in September 1914, has not yet started work. The Coimbatore Co-operative Building Society and the Kumbakonam Co-operative Building Society are practically the only societies that have done any work worth mentioning, the former having advanced loans to the extent of Rs. 42,350 and the latter Rs. 11,270 from the time of starting. The Ootacamund Building Society has purchased a large plot of ground with the object of allotting portions of the same to the members. The Dindigul Co-operative Building Society has not been doing any work during the last two years. Its only achievement consists in the purchase of a vacant site in 1913 and distribution of same among some of its members.

A perusal of the by-laws of these societies—which are practically similar in all cases—shows that the societies cannot extend their sphere of usefulness to the poorer classes. The rate of interest charged on the loans is high. Even 6 per cent. is too heavy for house building purposes. But I have already stated that under present conditions Building Societies cannot hope to get State loans at 4 per cent. and the outlook therefore is very discouraging—so far as State aid is concerned.

There is, however, one source which may be tapped for obtaining funds for Building Societies on easy terms. There are large temple and chatram funds which are now either uninvested or invested in Government Securities yielding 3½ or four per cent. If only a small portion of these funds can be diverted to Building Societies, the financial problem of Co-operative House Building is solved.

CO-OPERATION IN THE MADRAS LEGISLATIVE COUNCIL.

The following resolutions were moved at the meeting of the Madras Legislative Council held in March, 1917 :—

The Hon'ble Mr. K. Rama Aiyangar moved the following Resolution :—

This Council recommends to the Governor in Council that an additional provision of 32 lakhs be made under the minor head "Co-operative credit" in 26-A. and the same be met by a corresponding reduction under the head 45-B.

The Hon'ble Mover said that the additional amount was needed to increase the number of Inspectors and the number of clerks so that the work of the Department might be efficiently carried on. The increase in the staff and the number of Inspectors would tend to increase the number of societies in the presidency. Many areas in the presidency remained without Co-operative Societies at all. In the interest of the public it was necessary that they should give all facilities for the spread of Co-operative Societies in those places where they did not exist at the present day.

The Hon'ble Sir Alexander Cardew said that the co-operative movement was in a transitional state. He was glad to say that the progress of the movement was satisfactory. Fifty supervisors were trained or were being trained to do the work of supervision. So long as that was going on satisfactorily it was not at all necessary to increase the inspecting staff. The number of Assistant Registrars had been increased and they would do the work of spreading the societies in new areas. If the Registrar wanted further money the Government would be quite pleased to sanction the amount applied for. The Government consulted the Registrar on that matter. The Registrar did not want any money at the present time. The Government therefore could not accept the Resolution.

The Hon'ble Mr. Rama Iyangar said that the Registrar evidently wanted to avoid asking for fresh allotment of money to increase the number of Inspectors. Anyhow in view of the assurance given by the Hon'ble Sir A. Cardew he did not press the resolution further.

The Resolution was withdrawn.

Assistant Registrar for Agency Tracts.

The Hon'ble Mr. A. Suryanarayana Row Pantulu moved that this council recommends that the Governor in Council be pleased to increase the provision in 26-Ac. Agriculture— "Co-operative credit" by Rs. 11,000 for the appointment of an Assistant Registrar with staff to work in the Agency tracts of Ganjam, Vizagapatam and Godaveri districts for the purpose of staring Co-operative credit societies and that the increase be met by a corresponding reduction to that extent under 45-B. Civil Works.

He wanted to see something was done for the Agency people who were practically impoverished by the money-lenders. Co-operative credit societies should be started in the Agency tracts for the purpose of helping those people. Mr. Paddison, a special officer deputed for the purpose, recommended the starting of credit societies, grain banks and agricultural societies for the Agency people. With Rs. 11,000 they could make a beginning and see how things worked out.

The Hon'ble Sir Alexander Cardew said that Government were in agreement with the Hon'ble Member for doing something to ameliorate the condition of the Agency people. The question was whether the proposal of the Hon'ble Member would have any effect. The Assistant Registrar trained in the plains would not understand the language of the people in those tracts and would not understand the country. No practical result would follow from the proposal. The best plan was to work through existing agencies. Divisional Officers might be asked to take up the matter and to move the people to start Co-operative Societies. Government might also ask the Special Forest Officer, Parlakimidi, to take up the question and he would be able to do more than anybody else. It was unnecessary for Government to accept the resolution and to put money in the Budget. The object was quite appreciated by Government and would not be lost sight of. Government would ask the Agents of those tracts to suggest practical steps.

The Hon'ble Mr. Suryanarayana Row said that an Assistant Registrar who knew Uriya might be appointed which would obviate the language difficulty.

The Resolution was not pressed.

AUDIT ORDERS.

THE SOUTH CANARA CENTRAL CO-OPERATIVE BANK, LTD.

The accounts of the South Canara Central Co-operative Bank, Ltd., No. 1113, for the co-operative year ending the 30th June 1916 were audited by the Chief Inspector M. R. Ry. C. N. Krishnaswami Ayyar. Statements showing (1) Receipts and disbursements, (2) Profit and Loss, and (3) Assets and Liabilities, as they stood on 30th June 1916, were finished by him.

(i) *Shares*:—The year under review is the 3rd year of the Bank's working. The number of share-holding societies rose from 50 at the beginning of the year to 55 at the end of the year; seven individual members joined during the year, and thus at end of the year their

number was 92. The total number of shares taken up by societies and individuals up to the end of the year was 1,306 and the paid-up share capital amounted to Rs. 13,060 of which a sum of Rs. 925 had been contributed by individual members and Rs. 3,810 from share-holding societies. The borrowings of the Bank stood at Rs. 2,48,333-4-9 at the end of the year. The Directors are aware of the fact that the paid-up share capital bears a very low proportion to the borrowings and have, it is believed, taken steps to remedy this defect.

(ii) *Deposits and Loans*:—At the beginning of the year the deposits from members amounted to Rs. 13,035-6-0. During the year a sum of Rs. 69,186-6-8 was received and Rs. 50,740-10-5 was returned, leaving a balance to Rs. 31,482-2-3. Deposits from non-members at the beginning of the year amounted to Rs. 1,21,028-10-0, Rs. 1,35,492-1-9 was received during the year and Rs. 55,117-7-0 was paid off, leaving a closing balance of Rs. 2,08,403-3-9. Loans and deposits from Co-operative Societies amounting to Rs. 4,744-10-6 were received during the year, which together with the amount of such deposits at the beginning of the year amounted to Rs. 8,447-13-9. The total amount under deposits and borrowings amounted to Rs. 2,48,333-4-9 at the end of the year as against Rs. 1,44,768-3-3 held at the beginning of the year. This remarkable advance is a clear indication of the confidence which the public reposed in the Bank.

(iii) *Loans to Societies and Members*:—The total amount of loan disbursed in the year was Rs. 1,75,695, of which Rs. 4,355 was disbursed to members, Rs. 80,550 to Central Societies and Rs. 90,790 to other Co-operative Societies. The total recovery of loans amounted to Rs. 74,089. The amount of loans outstanding at the end of the year was Rs. 2,51,907 of which Rs. 1,895 was due from members; Rs. 87,500 from Central Societies and Rs. 1,62 512 from other Co-operative Societies. Of the last mentioned amount, 3 loans amounting to Rs. 923 were overdue.

(iv) All interest due to the Bank had been collected before the close of the year. This is a very satisfactory and unique feature of the Bank's working.

3. During the year the Bank earned a net profit of Rs. 2,856-13-1 as disclosed by the Profit and Loss account. It should be distributed as under:

(1) Minimum amount *at 25 per cent.* out of the net profits that should be carried to the Reserve Fund—Rs. 714-3-3.

(2) Out of the balance of Rs. 2,142-9-10 a dividend of 9 *per cent.* on the paid-up share-capital may be distributed among shareholders and

(3) the balance remaining should be carried to the Reserve Fund.

Reserve Fund:—The total amount to be added to the Bank's reserve fund will be items (1) and (3) above and the Directors are requested to remit the amount to the Madras Central Urban Bank. The Bank has earned a sum of Rs. 22-14-9 as interest on the reserve fund already invested in the Central Urban Bank and it has been credited towards the reserve fund due during the current year. This amount may therefore be deducted from the amount to be remitted this year. The Directors are requested to report to the Assistant Registrar, Calicut, the exact amount due on account of reserve fund on account of the year 1915-16.

Dividend:—The shareholders are allowed a dividend of 9 *per cent.* on the paid-up share value under the rules issued by Government; but the Bank declared only a dividend at 7 *per cent.* last year. If the shareholders desire that a dividend less than 9 *per cent.* will suffice this year, the balance (the amount admissible at 9 *per cent. minus* the amount actually distributed) may be reserved for distribution in the future as dividend equalisation fund.

Honorarium to the Secretary:—The Secretary is entitled under by-law 26 to an honorarium of Rs. 357-1-8, which may be paid in the current year. The amount should, under the new rules issued by Government, be debited as ordinary expenditure and not as a deduction from net profit. In future years the remuneration may be charged as a liability in the accounts of the expiring year.

Supervision Fund:—A sum of Rs. 357-1-8 is due to the Supervision Fund and this may be treated as expenditure of the current year. The remark as to future years which was made in the last paragraph applies to this also.

The Bank has continued to progress in all directions and it is gratifying to note that the management shows an earnest desire for the true development of co-operation in the district. Credit is due to the Board of Directors and all concerned in the management of the Bank.

The Registrar hopes that the Bank will take as leading a part in the operations of the proposed Provincial Bank as it has already taken in its organisation.

THE TRICHINOPOLY DISTRICT URBAN BANK, LIMITED.

The accounts of the Trichinopoly District Urban Bank, Ltd., for the year ending 30th June 1916, as audited by the Chief Inspector M. R. Ry., K. Vedachalam Ayyar, are passed.

2. During the year under review, 3 members joined the Bank and 6 withdrew leaving 45 on the rolls on the last day of the year. The amount of paid-up share capital was Rs. 50,000 being the same amount held at the end of the previous year. When compared with the borrowings of the previous year, there was a fall in the amount of deposits by members by Rs. 55,615 while there was an increase in the deposits of non-members by Rs. 1,27,649. The overdraft allowed by the Bank of Madras has been availed of to the extent of Rs. 38,550 and it was fully repaid, there being no amount outstanding against the District Bank under this head, at the end of the year. Rs. 70,600 was disbursed as loans to societies and Rs. 2,02,000 invested in other Central Banks the amount held in other Banks on the last day of the year being Rs. 3,12,000. These facts show that the Bank is able to attract large deposits. A sum of Rs. 35,633 on account of principal and Rs. 2,748 on account of interest was overdue to the District Bank on the last day of the year.

3. Out of the profits of 1914—15, the Bank declared a dividend of 12 per cent. (including bonus at 2 per cent) per annum on the paid up share capital; Rs. 2,099—15—11 was paid to the Secretary as honorarium; Rs. 438—8—10 was carried to the Reserve over and above Rs. 4,199—15—10 due to that fund according to the by-laws; and the remaining Rs. 4,681—14—11 added to the dividend equalisation fund. The reserve fund and the dividend equalisation fund amounted on the last day of the year to Rs. 12,000 and Rs. 13,757—7—1, respectively.

4. During the year under review, the Bank earned a net profit of Rs. 12,433—4—11 * exclusive of overdue interest, *viz.*, Rs. 2,748

* Note: This excludes Rs. 3316-14-8, comprising of overdue Interest Rs. 2652-15-8, accrued Interest Rs. 599-5-0 and penal Interest Rs. 94-10-0.

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referred to in para 2 *supra*. One-fourth of the net profit, *viz*., Rs. 3,108—5—3 should be carried to the Reserve fund, the remaining Rs. 4,924—15—8 being available if so much is needed for distribution to shareholders; but according to the rules framed by Government in November 1915 no dividend exceeding 9 per annum can be declared in societies with shares and limited liability and the sum of Rs. 4,824—15—8 now available over and above Rs. 4,500 required for distribution as dividend, should also be carried to the credit of the Reserve Fund. The amount due to that fund should be remitted to the Madras Central Urban Bank, Ltd., deducting Rs. 620-14-9 the interest allowed by that Bank up to 30th June 1916 on the amount already invested. The amount of honorarium due under the existing by-laws to the Secretary may be paid out of general funds and debited in the current year.

5. The Bank completed eight Co-operative years on the 30th June 1916. As usual it has done exceedingly well in the year under review. The accounts have been properly kept up.

6. The District Bank paid last year, as rebate on interest remitted by societies affiliated to the Unions of Jayankondam and Lalgudi, a sum of Rs. 415-15-5 and has still to pay Rs. 425-12-5. Two more Unions were started at Namakkal and Karur. The District Bank has been asked to consider the desirability of administering the Supervision Fund contributed by societies paying 1/2 per cent. on their working capital (exclusive of share capital and reserve and current deposits) and by the District Bank itself paying 1/4 per cent. on the loans advanced by it to societies. It is hoped that the District Bank Directorate will come to a speedy settlement of the supervision question.

7. The draft rules notified by Government on 10th July 1916 no doubt will not bind societies until the final notification is published: but the point to be noted is that under the rules published in November 1915 which have the force of law until they are rescinded, it is not open to the Bank to utilize the net profit for any other purpose than reserve, dividend up to 9 per cent and, if the Bank wishes to do so, common good fund. The Board of Revenue held that under the rules notified in November 1915 no honoraria could be paid to office bearers out of net profit in limited liability societies and the draft rules

notified by Government in July 1916 make this meaning clear. Nor can a Dividend Equalization Fund be created out of net profit unless a dividend less than the maximum of 9 per cent is declared, in which case the difference between the dividend so declared and the maximum can be carried to a Dividend Equalization Fund. The present audit order is based on this interpretation of the rules notified in November 1915. According to this interpretation, it does not make a difference, so far as the Trichinopoly District Bank is concerned, whether 25 per cent. or 50 per cent. of the net profit is set apart in the first instance as reserve, since in either case the balance after appropriating to dividend must also under either rule be carried to reserve.

8. The Registrar noticed with regret that the Bank lent in the course of the year 1915—16 only Rs. 60,460 to 102 agricultural societies in the Trichinopoly District. In future it will be quite practicable for the Bank to find a large outlet for its money within the District itself provided it will entertain or pay for an adequate Supervising Establishment. To have an adequate Supervising Establishment, it will be necessary that the Bank should contribute equally with primary societies and not merely ½ per cent. on loans advanced by it. Unless an adequate Supervising Establishment is forthcoming it is useless to blame the Department for not multiplying societies or for not attending to the collection of the Bank's dues. The Registrar will be glad to meet the Directors at an early date and concert with them the measures that may be necessary to find a larger outlet within the District for the Bank's working capital.

THE KISTNA DISTRICT CO-OPERATIVE BANK, LTD.

The accounts of the Kistna District Co-operative Bank, Ltd. No. 1422, for the Co-operative year ending 30th June 1916 as audited by M. R. Ry. K. Nageswara Rao Pantulu Garu, B. A., Assistant Registrar of Co-operative Societies, Cocanada Section are passed. The statements of (1) Receipts and Disbursements (2) Profit and Loss and (3) Assets and Liabilities were furnished by him.

2. The Bank was registered and started on its work on the 17th January 1915. This is the second year of its working. The membership in the Bank rose from 51 on 30th June 1915 to 56 on 30th June 1916 in the case of individual members and from nil to 21

in the case of registered societies, all of which are agricultural; 54 agricultural and 10 non-agricultural societies in the District have yet to join the Bank. The number of shares taken up and the paid up share capital rose from 335 and Rs. 16,750 on 30th June 1915 to 485 shares and Rs. 35,330 respectively on 30th June 1916. Of the 485 shares, 136 shares were taken up by societies and the remaining 349 by individual share-holders.

3. Deposits from members and non-members rose from Rs. 32,050 and Rs. 10,150 on 30th June 1915 to Rs. 35,746-13-0 and Rs. 31,585 respectively on 30th June 1916. Deposits from other Co-operative Societies in the District rose from Rs. 1,013-1-69 to Rs. 3,65-3-7. These deposits are Reserve Funds of the societies. The Bank borrowed from other Central Societies during the year to the extent of Rs. 1,65,000 and it repaid Rs. 18,000 during the year, leaving a balance of Rs. 1,47,000 under this head.

4. 109 loans amounting to Rs. 2,05,459 and 2 loans amounting to Rs. 8,980 were disbursed to societies and individual members respectively during the year. 107 loans amounting to Rs. 2,30,615 and 7 loans amounting to Rs. 8,480 were outstanding against the societies and members respectively at the end of the year. Of the amount of Rs. 33,570 recoverable from members and societies Rs. 30,410 were recovered during the year leaving an overdue balance of Rs. 3,160 at the end of the year. The balance to the demand works at a little over 9 per cent.

5. The Bank earned a net profit of Rs. 2,414-1-6 during the year, which should under by-law 23, be distributed as follows:—

¼ to Reserved Fund ...	Rs.	603-8-4
The balance to members as dividend ..	"	1,810-9-2

Deducting Rs. 6-11-4 being the interest accrued up to 30th June 1916 and credited by the Madras Central Urban Bank Ltd., the society will now remit Rs. 596-13-0 to the above Bank to the credit of its Reserve for being invested therein. With the amount the total Reserve of the Bank will amount to Rs. 749-15-3.

6. The transactions of the Bank have greatly developed during the year and the Board of Directors have to be congratulated on its steady progress.

ARBITRATION PROCEEDINGS AGAINST DEFAULTERS.

The following Circular has been issued by the Registrar of Co-operative Societies, United Provinces, to Managers of all central societies, Supervisors of organisation funds and isolated societies:—

Your attention is invited to circular No. 1 of 1915 in which were set out the effect and working of the rule 21 (*a*), then recently notified, on the existing provisions for arbitration proceedings. The new rule rendered decisions under those provisions enforceable by the civil courts in the same manner as the decrees of such courts.

2. Since the issue of that circular the Registrar has received a steadily increasing influx of applications for the appointment of arbitrators in suits under the new provisions. The flood of these applications not only threatens to swamp the Registrar's office, with its limited staff of clerks, but also tends to encroach to a growing extent on the time of the Government Inspectors and to divert their energies from their more important legitimate duties. The mere volume of such applications offering affords clear indication that the intention and scope of the new concession has been to a large extent misapprehended and a detailed scrutiny of the applications themselves confirms this impression. Neither the Registrar in recommending, nor the Government in granting, this concession had any intention of providing a royal road for the evasion of co-operative responsibility. It was intended in cases where the institution of civil suits was unavoidable, hitherto comparatively few, to save Co-operative Societies' harassment, time and money. Even in these, to which its use should be strictly confined, it is no panacea, the real difficulties of recovery are only beginning when a decree has been obtained, and success depends on the efficacy of the arrangements made to secure execution. It is eminently not a convenient device whereby central societies may shuffle of responsibility for neglected and deteriorated societies. It must be strictly confined to cases where a civil suit would under the old dispensation have been brought; that is, to cases where the member, society or individual, has rendered further dealings impossible. They must therefore always involve the ultimate exclusion or at least reconstitution of the member sued. The procedure is thus a confession of failure and a counsel of despair; and the number of such cases which have to be brought in a

given co-operative area forms a convenient index to the degree of co-operative vitality there obtaining. Its most legitimate use is when employed by a primary society to purge itself of recalcitrant defaulters admitted through lack of experience in the earlier stages of the movement—particularly where overdues are becoming time-barred. Its least legitimate use is when employed by a district or central bank as an alternative to liquidation. And it is obvious that its employment in a light-hearted and promiscuous manner in casual cases of failure to collect is not a legitimate use at all. If the concession is to be utilized in this way it will be necessary to ask for its recall.

3. These considerations should be kept in view by the Assistant Registrars and the Government staff when dealing with applications for the appointment of arbitrators, and by the governing bodies of central societies in passing such applications; while the following procedure should govern the initiation of all arbitration proceedings :—

(a) Proceedings between a central society and a member society.

(1) If the manager of a central society is satisfied that a primary society is persistent in default without adequate reason and that there are sufficient grounds for resorting to arbitration proceedings rather than to liquidation, he shall attend a meeting of the primary society and place the position before the members, obtaining from them if possible a resolution stating the action they propose to take

(2) If he still considers that arbitration proceedings should be brought he should submit to the executive committee or directors a clear report indicating why in his opinion such proceedings are required together with a copy of the resolution referred to in clause (1). This report should give a full history of the dealings of the primary society in question with the central society.

(3) Should the committee or directors decide that arbitration proceedings be instituted, he should forward to the Registrar a copy of the report referred to in clause (2) together with a full list of the members of the primary society and a copy of the resolution of the Executive Committee or Board of Directors passed on his report.

(b) Proceedings between a primary society and its members.

(1) When the panchayat of a primary society desires to institute arbitration proceedings against one or more of its members it must decide to do so by a resolution passed at a meeting called in that behalf.

A copy of the resolution should then be forwarded to the manager of the central society concerned.

(2) On receipt of the above resolution the manager will at the earliest opportunity proceed to the village, interview the defaulters if possible, and consider in consultation with the members of the society whether the grounds for instituting arbitration proceedings are sufficient.

(3) If he comes to the conclusion that arbitration proceedings should be instituted he will forward the resolution to the Registrar with a covering report which, besides giving his reasons for regarding proceedings as desirable, should state in full the defaulters' accounts.

(4) In the case of isolated societies the duties here assigned to the manager will be performed by the Government Inspector concerned.

Note.—It may be useful to give some indication of the circumstances in which a resort to arbitration proceedings, rather than liquidation, is justifiable.

Cases may arise where a society has deteriorated owing to discordance in its elements. Thus, the bulk of the society may be sound, while a recalcitrant section has defaulted. The bad example of this section, or the fear that they may be called on to pay its default, may have induced the honest members to withhold payment of their dues. In such a case there is a possibility that arbitration may be preferable to liquidation, if the central society can manage to execute the decree against the defaulting section and, after recovery, resuscitate the society by reconstitution from its healthier elements. Similar considerations hold good where the decline of the society is due to a badly selected panchayat which has monopolized loans, defaulted—thus inducing remaining members to withhold payment—and ceased all effort to collect. In both these cases the better members from the co-operative point of view have often not the courage or social position to proceed on their own initiative against the disturbing section. Again where recalcitrance has its origin in disquieting rumours, or the diffusion of an impression that the central society is powerless to recover its debt, a decree obtained by arbitration suit and effectively executed may prove a lesson which produces a change of heart and a new lease of life

CORRESPONDENCE.

To

The Editor of

The '*Madras Bulletin of Co-operation*,' Madras.

Sir,

Some of the By-laws of the Chingleput District Banking Union require modification so as to confine its objects mostly to finance. The Local Supervising Unions started in various places in the District before and after the registration of the District Banking Union, are practically intended to do all the supervision of the affiliated societies. The Union of which I have been in charge is the pioneer Union of the Presidency and all the Local Unions have been started on that model. The District Banking Union should not do any supervision work directly in the Union areas. In the non-Union areas it may exercise direct supervision until a Local Union is formed. The number of societies in the Chingleput District is rather unwieldy and it is not possible for the District Banking Union to take too much responsibility upon its shoulders. Considering the growth of the movement in the District, the Government have wisely entertained an Assitant Registrar for the close supervision of the societies in the District. My thanks are due to Government for such an wise step.

In my humble opinion apart from the supervision of the Local Unions the supervision of the Assistant Registrar and his Inspectors are very necessary until the new Unions are fully developed. I give below a set of rules for the Consideration of the members of the District Banking Union and to the Registrar of Co-operative Societies with regard to the duties of the District Banking Union and the Local Unions. I learn that a manual mentioning the duties of the Local Unions is to be published shortly by the Registrar and after its publication I intend moving some amendmends in the By-laws of the District Banking Union making it entirely responsible for finance to societies.

1. The District Banking Union should confine its attention only to finance.

2. The Local Union shall have complete authority in the matter of supervision.

3. In the non-Union areas the District Banking Union may exercise direct supervision until a Local Union is formed.

4. The Local Unions should submit to the District Banking Union at least once a quarter a report on the working of each society prepared by the Supervisors. The District Banking Union should return the reports to the Local Union concerned with its remarks.

5. The Local Union should nominate a Supervisor qualified as per recent orders of the Government. After the Supervisor has been trained by the department and given a certificate he should be permanently made a Supervisor of the Union. This rule shall not apply to Supervisors already working in the Unions.

6. The suspension and dismissal of the Supervisor should vest in the Registrar on the recommendation of the Local Unions. The existing bylaws of the Local Unions in these matters shall not require any alteration.

7. The directors of the District Banking Union may inspect any Member Society and their opinion may be communicated to the Local Unions.

Yours faithfully,

C. ARULIAH NAIDU, (RAI SAHIB).

SOME MYSORE SOCIETIES.

Mr. O. M. Venkatanadha Ayyangar, Honorary Organiser of Co-operative Societies, Uttiramerur, has sent to us for publication the following report of Co-operative Societies he visited in Mysore at the time of the last Mysore Co-operative Conference :—

1. *The Mysore Co-operative Stores Ltd*:—The store has 900 members with a working capital of about Rs. 34,350. The reserve fund is Rs. 4,162; deposits amount to Rs. 12,000; its transaction is about 6 lakhs. Things are sold to non-members also but preference is given to members.

2. *The Mysore City Co-operative Bank*:—The Bank has 900 members with a working capital of Rs. 12,500. Each share is Rs. 10 and it is collected in twenty instalments at 8 as per month. The fixed deposits amount to Rs. 2,500 and current deposits to Rs. 10,000. The outsanding loans of the members of the Bank amount to Rs. 75,000. Pass book system has been introduced.

3. *The Mysore District Central Bank*:—There are 60 members of which 13 are societies. The paid up share capital is about Rs. 18,559. The Bank has fixed deposits from members amounting to Rs. 34,510 and from non-members amounting to Rs. 30,000. The Central Bank has given loans to 10 societies to the extent of Rs. 201,500. In that District there are 102 societies. They charge penal interest on the principals of overdue loans but on the overdue interest. They also lend money on jewels and other movable properties.

4. *The Malkota Co-operative Agricultural Society*:—It has 150 members with paid up share capital of Rs. 6,000 and has transactions to the extent of Rs. 8,000. It has a store branch attached to it. The society has undertaken to supply things to the famous local temple on co-operative lines with small margin of profit to itself. Generally loans are granted to its members on immovable properties.

5. *The Malkota Co-operative Weavers' Society*:—This society has been formed on limited liability basis with 167 members and a share capital of Rs. 9,166, the value of a share being Rs. 25. Its Reserve Fund amounts Rs. 3,533. There is a private industrial school in the locality. This institution is managed without any capital. It has 4 departments *viz.*, (1) Carpentry, (2) Weaving, (3) Printing and Binding (4) Embroidary. There are nearly 40 students most of them receiving scholarship or some remuneration from 8 annas to Rs. 7 per month according to the work they turn out. It has also a branch institution for Panchamas. The Government of Mysore also help the school with grants for its upkeep. The institution sends articles to the Exhibition and possesses good certificates of merit.

6. *The Malleswaram Co-operative Store*:—There are 279 members with a share capital of Rs. 7,030 and the fixed deposits amount to Rs. 3,000. The monthly average sale is about Rs. 5,000. The Society has also a credit branch attached to it. The outstanding loan of the Society is Rs. 2,085. Short term and long term loans are given to members, the interest charged for them being 12% and 9% respectively.

7. *The Bangalore Central Co-operative Society*:—There are 243 individual members and 104 member-societies with a share capital of more than Rs. 90,000. Fixed deposits amount to 3½ lakhs and current deposits to Rs. 34,000. The outstanding loan of the Bank is Rs. 484,074. Cash credit has been given to the Societies to the extent of Rs. 150,000.

The Mysore Provincial Co-operative Bank:—There has been as in Madras a hot controversy going on regarding the organisation of this Provincial Bank. It seems that the directors of the Bangalore Central Co-operative Bank refused to comply with the Registrar's request to convert it into an Apex Bank. Subsequently the Provincial Co-operative Bank was organised by the Registrar on the lines recommended by the Committee on Co-operation. The Banglore Central Bank soon after began to realise its mistake and tried to rectify it by suitably amending its bye-laws so that societies might become shareholders in it. It seems that Government had to interfere in the matter and to decide that the financing of societies in three districts should be done by the Bangalore Bank, and of those in the other districts by the Provincial Bank. A resolution was adopted at the last Mysore Conference to amalgamate these two Banks. In my humble opinion such a step is not a desirable one. Unless one of the Banks alone is permitted to do the function of an Apex Bank, I am afraid there would be a check to the natural expansion of the movement.

THE

Madras Bulletin of Co-operation.

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NOTES AND NEWS.

Ourselves.

Our readers will be glad to know that from the next Co-operative year, that is, July 1917, the *Madras Bulletin of Co-operation* will be issued as a monthly. The present issue is, therefore, the last quarterly number. The *Bulletin* owes its birth to the propagandist and administrative zeal of M. R. Ry. Dewan Bahadur R. Ramachandra Rao Avl. as the Registrar of Co-operative Societies. The first number was published by him as a quarterly in September 1909 and continued to be issued by the Department for three years and a quarter. It was then handed over to the Triplicane Stores which issued their first number in December 1912 and had it in their charge till the end of the Co-operative year 1914—15. By that time the Madras Provincial Co-operative Union had been started, having propagandist work as one of its main objects and including in its membership almost all prominent societies and individual co-operators of note in the Presidency. It was, therefore, naturally considered most appropriate that the *Bulletin* should be handed over to the Union. The Government and the Triplicane Stores kindly agreeing, the transfer was effected in August 1915 and since then it has been issuing the *Bulletin* as a quarterly. The proposal to convert it into a monthly was made early enough but certain necessary correspondence has somewhat delayed its being accepted by the Government. The conversion into a monthly has necessitated the raising of the subscription from Rs. 1-8-0 to Rs. 3-0-0. It has not been possible to lower it in spite of the fact that the editorial work is done without remuneration. We sincerely trust that our subscribers will not grudge this enhancement in subscription in view of the greater utility of the monthly. We take this opportunity to tender our sincere thanks to the Registrar and the Government for permitting the conversion.

Co-operation in Madras in 1915—16.

The report of the Registrar on the working of the Co-operative Societies in Madras during the year 1915—16 was published about the middle of May 1917, that is, some four or five months later than usual. In obedience to a Government of India Order the length of the report proper has been cut down to twenty pages while that of 1914-15 extended to forty-four pages. Including all statements and reviews by the Board of Revenue and the Government, the report for 1914—15 extended to 130 pages, while that for 1915—16 is finished in 73 pages. Yet the former was priced at Rs. 1-2-0, while the latter is priced at Rs. 2-6-0. The reports of minor provinces like Assam and Coorg could perhaps be encompassed within the limited number of pages without undue compression or loss of interest; but it is very different with those of the major provinces. Co-operation is a subject of living and growing interest to the public; new types of societies are being started from time to time; the history of interesting individual societies has to be brought up-to-date every year; and opinions have to be modified continually in the light of new experiences. Under these circumstances we think it very undesirable to artificially circumscribe the Registrars' reports; just as it would be to circumscribe those of research institutes. One has only to compare the latest report with the previous one or with the Mysore report to realize how mutilated, incomplete and unduly compressed the present one is.

* * * *

The following tabular statement will show the comparative progress of the co-operative movement in Madras during the years 1914-15 and 1915-16 :—

Kind of Societies.	Number of Societies.		Number of Members.		Working Capital.	
	1914—15	1915—16	1914—15	1915—16	1914—15	1915—16
					Rs	Rs
i Central Societies ...	10	11	1085+885 Societies	960 +608 Societies.	58,78,402	70,70,062*
ii Agricultural Societies..	1446	1601	90,888	1,00761	64,52,681*	74,96,149
iii Non-Agricultural Societies.	124	157	27,608	84,565	17,63,889	23,23,623
iv Unions. ...	20	31	400 Societies.	604 Societies.	...	...
Total ...	1,600	1,800	1,18,720 +785 Societies	186,286 +1212 Societies.	1,40,89,422	1,68,88,838

* Includes the capital of 62 Societies liquidated.

During the year under review 263 societies were registered and 63 societies (62 agricultural and 1 non-agricultural) were liquidated. The paid-up share capital of the societies has increased from Rs. 13·69 lakhs to Rs. 16·12 lakhs and their reserve fund from Rs. 8·06 lakhs to about Rs. 8·50 lakhs.

Of the 11 Central Banks that exists, only the Trichinopoly Central Bank has not yet made any arrangement to include societies as share-holders. The paid-up capital of the central banks is Rs. 5,15,530 and the amount of loans and deposits held by them from individuals Rs. 51,72,758, from societies Rs. 5,79,068 and from other central banks Rs. 6,78,106. The percentage of uncollected balance to demand under 'Principal including arrears' and 'Interest due in previous years' in the case of central banks is abnormally high having risen from 18·77 and 17·25 in 1914-15 to 23·52 and 26·49 respectively.

* * * *

The Depressed classes.

The depressed classes have received some special attention in this report. A statement is given in the appendices containing the names of societies which have 25 Panchama members or more or in which more than ⅓ of the members are Panchamas. There are 53 societies in the list, but we doubt very much its accuracy, for several municipal employees' societies in Cocanada Section mentioned in the previous year's report are not found in the list. A special column also is given for the Panchamas in a statement which classifies the members of all kinds of societies. The formation of the Christian Central Bank was distinctly to their advantage. The Registrar says that "ever since the Young Men's Christian Association began to interest itself in Co-operative work, it had to face the disadvantage under which societies for Christians, chiefly those converted from the depressed classes, laboured in not being able to obtain loans from central banks." Mr. K. T. Paul, B.A., General Secretary, Y. M. C. A., was mainly instrumental in its organization. It lends to depressed classes societies at 8½ per cent. out of which 1 per cent. is set apart for the supervision fund. Though it shows preference to societies composed mainly or largely of Christians, there is nothing in its by-laws to prevent its lending to non-Christian Societies when funds are available. During the current year even greater attention is being paid to the spread of co-operation among the depressed classes particularly by the various Christian

Missionary bodies and Social Service Leagues, working in the Presidency. About the end of February last a Social Welfare Conference was held in Madras under the presidency of Mrs. Whitehead. It was attended by many Deputy-Collectors and we hope that as a result special societies for the benefit of the depressed classes will be started in large numbers. The Registrar has rightly emphasized the importance of regular and incessant supervision to such societies.

* * *

Non-Agricultural Societies. The number of non-agricultural societies increased from 103 to 134 and their working capital from 15 to 20 lakhs. They worked quite satisfactorily in the year and showed a marked improvement over the previous year. Only one society was dissolved against 162 agricultural ones. It will be remembered that in view of the large amount of arrears both in principal and interest, the Local Government passed during the year under report an order that interest due but not collected and interest earned but not due should be excluded from the profit account. When applied to agricultural societies this rule has caused in most cases a net loss; it was applied to central banks with a considerable modification and yet it greatly decreased their profits. But the non-agricultural societies did not appreciably suffer by the rule. They made a net profit of Rs. 61,372 against Rs. 55,407 in 1914-15. They were also very punctual in the repayment of deposits. The Conjeevaram Weavers' Union, in spite of the exemplary devotion of its Secretary, Mr. P. Ramachandra Sastri, worked at a loss. The transactions and profits of the Triplicane Stores were less than in the previous year and the Registrar is gravely concerned that its internal condition is far from healthy. This being the largest and in many respects the best society of the kind in the whole of India, we sincerely hope that the recent changes in management will restore it to its former condition of healthy growth.

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We are sorry to note that building societies as a rule have been unable to do anything for want of either funds or suitable sites, the only exception being the Kumbakonam Society. This fact is noted with regret by the Government in their review of the Registrar's report; but no amount of sympathetic expression will really help them for what they want is cheap money. They are bound to be stagnant till the state comes to their aid by providing them with funds at $4\frac{1}{2}$ or 5 per cent. interest and repayable in 25 or 30 years. In our present economic condition, it is impossible to obtain funds on those terms from any private source. We earnestly hope that provision for such financial state aid will be made in the new Town-Planning Bill which His Excellency said will soon be introduced in the local Legislative Council.

* * *

Administrative Unions Perhaps the most important advance made in the year is the formation of 11 new supervising unions which included 204 primary societies. In the previous year's report the Registrar had hoped to form 20 new unions in 1915—16 which would provide supervision for 400 societies, but he was not able to realise his expectations to the full. It was formerly the practice to start unions only in areas where a number of societies was situated in very close proximity to each other, that is, within a radius of 5 or 6 miles. But now "Villages wide apart may be controlled by means of taluk or district supervising unions which may include in their jurisdiction any local unions lying in the same area." The reasons given for adopting the basis of a revenue division are that scattered societies should not go without supervision and that at the taluk and district headquarters somebody could be found to manage the union. We are not sure that this departure will promote efficient and economical supervision.

The Registrar's proposals to increase the income of the unions are to be welcomed by every co-operator. They are, that societies should pay $\frac{1}{2}$ a per cent. on all their borrowings, including loans and deposits from members, and the financing central banks to pay another $\frac{1}{2}$ per cent. on the loans advanced by them to societies, both these contributions to constitute a supervision fund to be administered by the supervising union. Most central banks whether of the capitalistic or of the more co-operative type, are willing to contribute $\frac{1}{4}$ per cent. for supervision, but some of them are strongly opposed to raising the same to $\frac{1}{2}$ per cent. Their opposition is quite natural, because they have to pay rather high rates of interest on deposits and borrowings, meet heavy establishment charges and provide for dividends. They can increase their contribution for supervision only if they could borrow more cheaply or limit their dividends. It is in this connection that a Provincial Bank organised on thoroughly co-operative lines can be most useful, because its chief concern not being high dividends, it can lend to the financing district banks at a lower rate than 7 % which is the rate of the Central Urban Bank. As the Registrar has very truly observed, the main question, in regard to the organisation of a Provincial Bank, is not who shall have the privilege of lending at 7 % but "what is the lowest rate at which money can be found to help District Banks and District Banking Unions in their life-struggle with dividends, honoraria and supervision. If that rate is 6½ per cent. well and good, if it is 6¾ per cent. the life-struggle is just possible; but if it be 7 per cent. the life-struggle is impossible and supervision being the weakest of the opposing forces, will go to the wall. That is the problem of the Provincial Bank in a nut-shell."

The Registrar has no faith in the spontaneous formation of supervising unions. He does not believe that societies in any area would of their own accord apply to the Registrar to form them into a union. "If we waited for unions as we do for societies, until the applications for their registration came in spontaneously, we might have to wait for ever; and therefore societies are now-a-days advised to adopt a by-law authorizing the panchayat to affiliate their society to any union that may be registered in the area and contribute a half per cent. on the working capital towards the supervision fund." We confess we are not so sceptical about the spontaneous formation of unions.

The method adopted by the Registrar and his assistants will, we fear, result in the unions starting withont enthusiasm or a full knowledge of the responsibility of undertaking supervision—for it is certainly greater than paying ½ per cent. contribution. We are however glad that some unions have nevertheless worked very well, due, as the Registrar says, to the personal and persistent endeavours of two of the Assistant Registrars, Messrs. A. Vedachela Ayyar and K. Nageswara Rao Pantulu whose example he rocommends to the other officers of the Department. We quote with pleasure the following: "The Vizagapatam District Supervising Union with headquarters at Vizianagaram, deserves special mention and is well worthy of imitation, because its governing body is largely composed of gentlemen of good social position, business capacity and high educational attainments and it is a pleasure and a privilege to make acquaintance with them, as I recently did."

The Madras Salt Loaders' Co-operative Society

The audit order of the Madras Salt Loaders' Co-operative Society for 1915-16 shows that it passed through a very bad year, the net loss being Rs. 573-7-2. The scarcity of salt and of waggons and the opposition of a powerful merchant threw the poor labourers out of employment for a long time. But for the noble efforts of Mr. A. Vedachella Ayyar, Assistant Registrar, whose paternal interest in the Society continues unabated, the loss would have been far greater. We hope the loss of last year will be more than made up during the current year. The classification of the accounts for audit is not very satisfactory, the major part of the transactions and of profit and loss account not being described but given under "other items." Out of a total income of Rs. 18,000 odd more then Rs. 13,000 is described as "other income," out of an expenditure of about Rs. 19,200, about Rs. 12,200 comes under "establishment and contingencies" and Rs. 1,365 under "other items"; out of a total profit of Rs. 12,130 odd, "other items" accounts for Rs. 12,041 odd and out of Rs. 12,704 odd loss Rs. 11,787 odd come under "other items" we trust a more descriptive classification will be adopted in the future. Below are given extracts from the audit order:

* * * *

The number of members fell from 98 at the beginning of the year to 84 at the end and the paid-up share capital rose from Rs. 236 to 340. The total amount of fixed deposits to the credit of members on 31st March 1916 was Rs. 936-12-7. This represents the savings effected by them out of wages. The society raised a sum of Rs. 700 otherwise than in the shape of deposits and it was outstanding at the end of the year. Loans amounting to Rs. 3,942-6-10 were disbursed to members during the year as against Rs. 3,129-7-1 in the previous year. They were mostly given for current expenses and were generally recovered from their daily wages. Only a sum of Rs. 323-14-5 was outstanding at the end of the year under this head. The establishment and contingent charges amounted to Rs. 919-14-3 in the year under review. The labour charges received from Government and paid to workmen during the year were Rs. 12,397-1-7 and

Rs. 11,767-1-11 respectively as against Rs. 15,229-10-0 and Rs. 13,928-8-8 in the previous year.

During the year under review, the Madras Government Servants Co-operative Society worked at a net loss of Rs. 573-7-2. The loss was due to want of sufficient work, a certain merchant having employed his own labour. In accordance with the supervision scheme approved by Government the society will please remit Rs. 8-4-0 to the Madras Central Urban Bank, Ltd., towards supervision charges to be invested there as 'Current Deposit'. The society held two general and five committee meetings in the year.

The Madras Government Servants' Co-operative Society.

The following information is taken from the audit order of the Madras Government Servants' Co-operative Society for 1915—16. The working of the society during the year shows progress all round. The number of members rose from 892 at the beginning of the year to 1,031 at its end. The paid-up share capital increased from Rs. 12,163-8-0 to Rs. 18,548 and the deposits from Rs. 18,293 to Rs. 31,196. The loans outstanding against members on 30th June 1916 amounted to Rs. 46,823-8-9 against Rs. 28,234-5-2 on the last day of the previous year. A sum of Rs. 4,900 was pending under loans advanced to other societies. The society rightly encourages the grant of small loans. Of the 628 loans aggregating to Rs. 70,191 disbursed during the year, 390 loans amounting to Rs. 23,629 were for sums not exceeding Rs. 100 each. The members were generally regular in the repayment of their loans. Out of a total demand of Rs. 57,786, a sum of Rs. 55,409 was collected during the year leaving a sum of Rs. 2,377 as overdue at the end of the year. The amount of interest overdue on 30th June 1916 was Rs. 87-6-0 out of a total demand of Rs. 3,628 or out of an average monthly demand of Rs. 300.

* * *

The society earned during the year Rs. 1,704-15-4 as net profit. Although a sum of Rs. 545-7-10, interest accrued and interest overdue—was excluded from the profit account for the year, the net profit of the year was not materially affected. The committee met four times during the year. The society continues to do good work and the Board of Directors deserve to be congratulated on the results achieved.

The Madras Provincial Bank.

The question of starting a provincial bank which is one of the most important recommendations of the Imperial Committee on Co-operation and which has been engaging the attention of the Government since the report was published has been settled in a way. The Government have approved of the scheme in the conversion of the Madras Central Uraban Bank into a Provincial Bank for this presidency and the Government Order passed by Government is now before the public and the Co-operative Societies are now asked to accept the scheme and give it a fair trial. It must be noticed that though the members of the Bank have got all they require and have lost none by such conversion, they get the full value of their shares namely Rs. 160 for every Rs. 100 contributed by them. The accumulated savings of the members of the Bank consist of one lakh of reserve fund and Rs. 25,000 of dividend equilization fund. This together with the 2 lakhs of share capital owned by the members represents the total worth of the Bank at Rs. 3,25,000 which if, distributed, will give each share-holder a sum of Rs. 160 for every share of Rs. 100. But this can be had on the supposition that the assets as they stand at present are fully recoverable. According to the scheme the existing share holders are guaranteeing this amount together with an additional guarantee of 9% preference dividends. By gradually wiping of the individual shares their liability dwindles down and if this is to be shifted on to the societies who are to take their position eventually. In other words, the present scheme secures to the individual share-holders, while it throws the burden on the societies who have slightly contributed to the past profits. There is no doubt this will not fail to attract the notice of the Societies.

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The next point that is deserving our consideration is that the main recommendation of the Imperial Committee that the societies must have the right to elect their representatives to the Board of management is entirely overlooked. As the bye-law stands at present, the societies' representatives are to be elected not by societies' members alone, but by a general body, which is to consist of a vast majority of, individual share-holders and an infinitely small number of societies' members. How far such a representation can be called adequate may be better imagined than described. It is really a matter of wonder how these adequate representatives fail to attract the notice of the Government when they approve the bye-laws. But for these two defects the scheme is worthy of acceptance and it is hoped that the Co-operative Societies and District Banks will soon come forward to take up this opportunity of applying for shares though the conditions that are now offered may appear uninviting and inequitable. And it is hoped that the Government will reconsider the order and take steps to amend the Bank's bye-law in such a way that adequate representation may be secured to societies by enabling the society members to meet separately and elect their own men as is done in the District Banking Unions which consist of individual share-holders and societies' members.

PRIMARY SOCIETIES AND THEIR SUPERVISION.

[BY M. R. RY. RAI SAHIB K. RAMASWAMI AYYAR AVERGAL B.A., B.L., OF MADURA.]

Co-operative movement in this Presidency has passed stage, at which we can no longer indulge in making theoritical suggestions. The present day questions are of an extremely practical character. So long as the movement was in an experimental stage, suggestions were as freely made as they were freely carried out. Our experience into the practical working of the societies has disclosed many defects, which ought to guide us in our onward course.

The most noticeable feature in the progress of the movement hitherto was the rapid multiplication of societies, in almost every province of India. This is a phenominal feature in the progress of Indian Co-operation when compared with its growth in the continental countries of Europe. Whereas the growth in Europe was mainly in the hands of non-official agency, here, this was fostered and engineered mostly by official agency. Non-officials are still remainig in the back-ground at least so far propagandism and organisations are concerned. While the former showed steady progress, the latter spread rather too fast. The foundations laid in the former case were on sure and stable basis, whereas in the latter case, the foundations are yet to be laid, the superstructure alone remaining at present. Each blunder committed in European society taught the members wisdom and enabled them to avoid pitfalls. In India, the responsibility for blunders committed cannot be thrown on the societies alone in most cases. The growth in Europe has been spontaneous; whereas in India it has been artificial mainly due to the official initiative. Our experience in the past clearly tells us that a too rapid multiplication of societies which is frequently urged both in the press and the platform, is a thing to be strongly deprecated.

A close examination into the working of the primary societies will clearly convince us, that organisation and multiplication of socities under official pressure is the cause of many failures. The second noticeable defect of the present system, was the inadequate attention paid to supervision. Instances are not wanting, where societies have been organised by one Inspector, loans recommended by another Inspector, and the monies were left in the hands of ignorant and illiterate panchayat to be dealt with as it suited them and the societies left uncared-for for many months and in some instances for some years together. The annual audits were performed in distant villages where books were sent for, and such audit never extended beyond

the examination of account books which showed very few entries within the year. I do not think it is possible to throw the blame on any individual officer at this stage. The supervising staff was neither adequately manned nor adequately controlled. There was besides no privity of connexion between the financing institution and the primary societies. To the faultiness of this system can be traced, most of the existing defects in the majority of the primary societies. It is admitted on all hands that without an adequate supervising staff to control the working of the societies, any further multiplication of societies will considerably endanger the stability of the movement.

It is urged that (1) more unions should be organised (2) that the inspectorial staff should be increased and (3) that the District Banking and Supervising Unions should be organised and made to take up the supervision and control of societies within a district.

Each of these suggestions requires to be considered in its practical aspect, having regard to the conditions prevailing in each area. That it is an ideal system for carrying on effective supervision, no body can deny. But the gentlemen composing the Governing Body of the Union, are in most cases, not quite competent to perform the functions of supervision adequately. Many of the Unions formed hitherto are really managed by the Assistant Registrars and their inspecting staff. Of course the functions will gradually devolve on the governing body as they are found fit to perform the task unaided. We are, therefore, still far away from the ideal union system. As the Assistant Registrar has got many societies under his control, his attention cannot be in any way minute or sufficiently effective. The supervisor is mostly left to himself. The committee are either ignorant or incompetent to exercise any control over him. The financing banks trouble themselves very little about the working of the societies comprised in a Union, as they look to the Union to fulfil its engagements and donot care to go deeper into its affairs to acquaint themselves with the actual state of working of the individual societies. So the union system under the present arrangement is productive of more harm, than in case there were no unions.

The second point that is urged, is the increase of inspectorial staff. This is strongly advocated in some of the newspapers and agitated in public meetings. Few people, outside the ring of practical workers, have ever realised the ineffectiveness of the Government supervising staff.

It must be admitted that the present staff of Government Inspectors consist of many really earnest gentlemen, greately interested in the field of co-operation. Many of these young men have even sacrificed better prospects open to them in other departments of public life and have agreed to serve in this department, prompted more by a patriotic desire to serve the country, and it is this encouraging feature that is prominently visible to every on looker, so much so the evils of the system are scarcely discernable except to those who have taken an active part in the working of the societies. These men have very little scope for doing useful service as their hands are tied down by too many circulars and orders and their discretionary power is almost reduced to zero point. Many of them are young and inexperienced and before they have really grasped the principles of co-operation, they have been put in charge of heavy divisions and it is no wonder that they have broken down under weight of responsibility and proved utter ailures. Lastly, the system of having official agency for supervision retards healthy growth, kill individual responsibility, and is highly detrimental to future progress. No co-operative society can be said to progress well unless its members actually share the responsibility, and are stimulated by instinct of self-help, and self reliance. This is true as much in the case of a union as it is in a primary society. However much some people may advocate the continuance of government agency, it is thought to be highly injurious to the movement in the long run by many practical and earnest workmen in the field of co-operation.

The last point that has to be considered is the question of entrusting the task of supervision to District Banking Unions and Supervising Unions. Some of the District Banking Unions have already taken steps to take up supervision in their own hands and District Supervising Unions have been organised in some places with the object of taking up supervision. This system deserves a trial. It is too early to pronounce any opinion on the merits of this scheme. But the defects that are apparent will not fail to attract due notice at the hands of the authorities. One essential feature of this scheme is that the governing body of the unions should be so constituted as to consist of members who are capable and earnest in the discharge of its functions and at the same time must hold a representative character. So far as the minor societies are concerned. This is somewhat difficult at this stage as capable men are not at present available who can be chosen as representatives of the societies in the district unions. But as time goes on, the number of men available though small at present may gradually increase and union will become sufficiently strong to adequately perform its legitimate functions. But until that stage arrives, the authorities are to satisfy themselves that the Secretary or the Manager, whoever may happen to passess in his hands the driving force must be selected with due care and caution. Until the Governing Body becomes strong, the duty will have to be performed mainly by the Secretary of the union, who must be a capable officer. Much will have to be depend on personnel of this office. He must be adequately paid and the selection to the office must not dwindle into one of patronage at the hands of directors. As the Government is interested in the stability of the movement, it may even be necessary at least for some time to come, that the Registrar's approval should be insisted upon in making appointment to such offices. I think at the present stage supervision by non-official agency cannot be more effectively performed than through the secretaries of the District Banking Unions, But it cannot continue long in their hands, for when the societies multiply the degree of personal attention by the Secretary is likely to prove so slight as to be of little or no effect. This can be remedied by organising local unions at each centres as the area become suitable and by gradually devolving on them the functions of primary supervision over local societies. On this point there is a difference of opinion amongst the leading co-operators of this presidency. This point was discussed at the recent conference of Assistant Registrars and Secretaries of the District Banks held at Madras about the beginning of April. The representatives of the Northern Circars maintain that primary supervision must rest in the hands of local unions and the district banking unions must possess not more than nominal control.

On the other hand, the banking unions of the Southern India, were of opinion that the Banking Unions should have the primary supervision and the local Unions should be merely their agents working under their direct control and guidance. No decision was arrived at as none of the institutions has made any advance in the direction of the practical working of the scheme.

It will thus be seen that the future stability of the movements rests not so much upon the rapid multiplication of societies nor upon the increase of inspecting agencies but upon carefully projected schemes for carrying on effective, thorough, and frequent supervision of the primary societies. And it is hoped that the minds of all the leading co-operators will be drawn to this most essential feature in the present stage of the co-operative movement in this Presidency.

THE SILK WEAVERS' CO-OPERATIVE SOCIETY, BERHAMPORE.

[BY MR. B. V. KRISHNA RAO, INSPECTOR OF CO-OPERATIVE SOCIETIES, GANGAM.]

The Silk Weavers of Berahampore are a class of wage-earners depending solely for their livilihood upon the usurous Sowcars of the place; the latter supply them with yarn and colouring material necessary for the industry, on credit generally and in a few cases for cash, at a cost much higher than their cost price; and there is an understanding unwritten and unspoken but always faithfully obeyed, between the sowcar and the weavers to sell the finished products to him alone; and he keeps a stock of the goods thus obtained for sale to the public. Thus we see that the Sowcar forms the connecting link between the producer and consumer, retaining a lion's share of the profit to himself and leaving only a living wage to the real worker on the industry.

2. Absence of capital required for the industry on the one hand and inability to wait till a sale is procured for the products on the other hand, compel the weavers to cling to the Sowcar. The profit accruing from the purchase of raw material in bulk and direct from its place of production and also from selling the silk cloths produced in the open market and to the best advantage are now consumed by the middle-man for the simple reason that he can command the capital requisite for the purpose. To enable the weavers to appropriate for themselves the whole or a major portion of this margin it is essential that they should themselves be in possession of the needed capital and also secure a steady and realiable market for their products.

3. Weavers individually are poor and the only course open to them to obtain monitary help from the outside public is by forming themselves into a Co-operative Society on unlimited liability basis. No doubt their total property qualification may not count for much, but the value of their skilled labour combined with the joint liability of every one of them for the other's laches may afford under strict supervision and central a substantial security, acceptable to the general money-market. The sale of finished products through the agency of the society may bring to the members proper prices and this can be accomplished only by advertisement and maintaining a high standard of efficiency and honesty in the trade.

4. With these objects in view, a Co-operative Society for the Silk Weavers at Berhampore for the joint production and sale of silk cloths on unlimited liability basis was being attempted to be organised from January 1916. There were innumerable difficulties in the way, the opposition of the big sowcars of the place and the blissful ignorance and timidity of the weavers forming the most insurmountable barriers in accomplishing this task; constant preaching and patient discussion helped to overcome these difficulties and in December 1916 a complete organisation report with by-laws was placed before the Assistant Registrar of Co-operative Societies, Cocanada Section, and it was registered by him on the 30th idem and in the succeeding month it was started on its work.

5. The value of each share is Rs. 50 of which Rs. 5 are to be paid on admission and the remaining Rs. 45 in 45 monthly instalments of Re. 1 each. Each member should take one share but cannot take

more than two shares. A share renders its holder eligible to obtain a loan of Rs. 100 from the society; raw material to this value is generally granted to him as a loan; in some cases, a margin is left for a small cash loan also. The security for the loan is the joint and several responsibility of the borrower and two other members standing as sureties; in rare instances unencumbered house property is also offered as security. Each member executes a cash credit bond to the extent to which he wishes to borrow from the society not exceeding the limit of Rs. 100 per share; and on the security of this bond he can be borrowing and repaying at any time he chooses provided that the amount in the bond is not exceeded in the aggregate.

6. The Central Bank in the District consisting of the enlightened and public spirited men of the place was kind enough to place at the disposal of the society a cash credit of Rs. 1,000 to be drawn upon and repaid as occasion requires. It was not solely the philanthropic spirit of helping these deserving people, that induced the Bank to place this amount at the disposal of this society; it was done on purely business principles, the house-property of the members can cover the amount borrowed adequately and safely.

7. The society is managed by the panchayat of 5 members elected from among themselves. A Clerk is maintained to keep the accounts and look after the monthly collections.

8. Interest on loans to members is at $1\frac{1}{2}$ pies per rupee per month and shall have to be paid monthly on the balances outstanding on the last day of the previous month.

9. Every loan either in kind or in cash is to be repaid in 3 months and in special cases and for sufficient reasons the period may be extended to six months.

10. Silk yarn for Rs. 800 was obtained from Malda through the kind courtesy of the Registrar of Co-operative Societies, Bengal and of the District Magistrate, Malda; this official help had to be sought owing to the mischief played by the local dealers by intimating to the merchants at Malda that the society was a bogus one and had no financial status. The silk thus obtained was distributed among 10 members as 10 loans together with cash loans not exceeding Rs. 20 in any case. The silk obtained was pronounced to be of a far superior

quality to that locally available and cost also was fairly favourable. Silk cloths are now ready for sale and arrangements for securing a steady purchasing agency for them are now under consideration.

11. The following statistics show in what manner the lot of a weaver has been bettered by the Co-operative Society :—

When under the grip of the Sowcar.			When formed into a Co-operative Society.		
Cost of silk yarn	Rs	28 0 0	Against Rs.	20 0 0	for the same quantity.
Cost of colouring material	...	4 0 0	Do ..	4 0 0	
Cost of curing	...	4 0 0	Do .	4 0 0	
	Total	31 0 0	Total	28 0 0	
Cost realised from the Sowcar	...	45 0 0	Do	48 0 0	for the same quantity
His wages for the month	...	14 0 0	Do	20 0 0	for the same labour.

12. The Society is yet in its initial stages, and it is yet too premature to pronounce about its future. The chief difficulty to be contended against lies in recovering the loans issued to the weavers; some of them may be indebted to their old sowcars and the cloths produced out of the material lent by the society may be taken forcible possession of by them in liquidation of their loans; they watch over them eagle-like and pounce on them just in time when the cloths are ready. The panchayatdars, however, gave an assurance that they would be equally vigilent, since for the loss caused to the society's dues they and the other members also are equally responsible. The next difficulty lies in securing a ready market for the finished products of the society. The present demand, though ample, cannot be relied on; it is neither constant nor steady. In the early stages production may not outgrow the demand; but when a larger number of the silk-weavers at Berhampore join the society, (even now there is a rush of applicants), and when work is done systematically and regularly, the absence of a reliable purchasing agency is sure to be felt a very bad desideratum.

13. It will be the business of the Co-operative Department to watch the progress of this society with extreme anxiety and care through its early stages.

PROGRESS OF CO-OPERATION IN INDIA.

1. MYSORE.

At the end of the last Co-operative year there were 800 societies as against 725 in the previous year of which 18 are central societies, 648 are agricultural and 134 are non-agricultural which include 21 stores and 38 productive societies. During the year under report 103 new societies were registered and 28 were liquidated. The number of members rose from 53,267 in 1914-15 to 64,857 and the working capital from Rs. 30,85,747 to Rs. 44,21,688. While the increase in the number of societies is only about 10%, the increase in the working capital is about 48%, in deposits 56%, and net profits 34%. The average membership per society is 81 and the average working capital per member is Rs. 68·1 as against Rs. 57·9 in the previous year. The total amount of deposits has increased from Rs. 7,59,863 to Rs. 11,91,586 of which the co-operative societies in Bangalore District are responsible for Rs. 7,25,770.

Deposits by children in co-operative societies were permitted and this system is now popular in many societies, their deposits now amounting to Rs. 11,991 against Rs. 2,569 in the previous year. The rates of interest charged by societies vary from 9 to 12%; and are somewhat higher than in Madras. The Registrar has in view the starting of a Co-operative whole-sale society for the State to supply things to these societies. Of the productive Societies, 21 are weavers' societies having a membership of 1,273, and a working capital of Rs. 52,116. The progress of these societies has been necessarily slow owing to the peculiarly conservative habits of the weavers. There are 7 societies for the manufacture of jaggory and hulling rice. The Government have advanced loans to some of these societies amounting to Rs. 52,000 for the purchase of necessary machinery. There is a Lift Irrigation Co-operative Society at Kannaikanhalli for which a so the Government have granted a loan of Rs. 10,000. One important feature in the co-operative year under review was the organisation of the Provincial Bank on the lines recommended by the Maclagan Committee. It is thoroughly co-operative in character. No loans are given to individuals and 50% of the directors should be representatives of societies. As the Registrar has rightly pointed out "it is intended that it should be a Society of Societies formed by them, worked for and by them and consulting no interests other than what are strictly co-operative in character."

2. BENGAL.

The following tabular statement shows the progress of the co-operative movement in Bengal during the years 1914-15 and 1915-16.

KIND OF SOCIETIES	Number of Societies.		Number of Members.		Working Capital	
	1914-15	1915-16	1914-15	1915-16	1914-15	1915-16
					Rs	Rs.
i. Central Societies ...	88	89	4,920	5,868	40,88,618	46,49,377
ii. Agricultural ...	1,855	2,067	85,559	94,074	52,75,888	56,91,370
iii. Non-Agricultural ..	91	125	16,498	22,214	15,82,026	21,04,826
iv. Administrative Unions.	8	12	139	177	4,523	...
Total ...	1,992	2,243	1,07,116	1,21,833	1,09,51,050	1,24,18,573

The rate of progress of the movement is rather slow compared with that of the previous years owing partly to the fact that a 'policy of brake' was adopted by the Government and partly to the failure of the agriculture crops. About 136 societies were either closed or being liquidated.

Two central banks were registered during the year. The paid up capital of the banks rose from Rs. 4,89,000 to Rs. 6,52,000, the deposits from Rs. 33,69,000 to Rs. 37,61,000 and the reserve funds from Rs. 75,072 to Rs. 1,11,901. The proportion of the paid up share capital together with the reserve fund to the total liabilities of the banks 19% in 1915-16, as against 13% in the previous year.

Of the 2,067 agricultural societies that were in existence at the end of the year, 1,860 have been affiliated to the central banks. The amount of loans issued to members has increased from Rs. 15,73,000 to Rs. 16,86,000. The percentage of overdue loans at the end of the year is 26 against 28% in the previous year. The average membership of societies is 45·5 and the average capital of societies is Rs. 2,754 against 46·1 and Rs. 2,844 respectively in the previous year.

Most of the non-agricultural societies are based on limited liability. They can finance themselves, but their members are very unpunctual

in the repayment of loans. There are 3 societies for shoe-makers, 1 for carpenters, 1 for oilmen, and 1 for goalas. Two stores were liquidated and two new ones were registered. The Dacca Co-operative Dairy is making steady progress, its profit for the year being Rs. 2,291. There are now 7 fishermen's societies of which 5 are working. The one noticeable feature in the progress of the movement in Bengal is a large increase in the societies for weavers which have increased from 5 to 17. Arrangements are being made to supply weavers with raw materials at wholesale rates.

3. BURMA.

The following statement will show the progress of the movement in Burma during the years 1914-15, and 1915-16:—

KIND OF SOCIETIES.	Number of Societies.		Number of Members.		Working Capital.	
	1914-15	1915-16	1914-15	1915-16	1914-15	1915-16
					Rs.	Rs.
i. Central Banks ...	4	4	1,882	2,305	33,97,309	43,71,805
ii. Agricultural Societies	1,266	1,704	31,316	38,531	41,53,678	53,44,362
iii. Non-Agricultural Societies	43	46	3,574	3,526	6,02,130	6,23,437
iv. Unions ...	112	189	1,121	1,602	...	...
v. Cattle Insurance Societies.	63	306	1,059	5,350	...	...
Total ...	1,488	2,249	38,952	51,314	81,53,117	103,39,604

While the progress of the movement on the whole has been considerable there has been a special rise in the number of cattle insurance societies and unions. The paid-up capital of all the societies has risen from Rs. 13,25,834 to Rs. 15,72,042; loans and deposits by members have increased from Rs. 28,76,838, by non-members from to Rs. 39,96,913 and by other societies from Rs. 25,49,902 to Rs. 32,55,976.

The Provincial Bank has had a bad year owing to the financial stringency created by the war and incurred a loss of about Rs. 9,000 owing to the depreciation of Government paper to the extent of Rs. 53,500. It is creditable for the borrowing societies to have come up to help this bank at this time with a commission of 1 per cent. on all loans for one year, the proceeds of which will swell the Bank's Reserve. The successful working of the three District

Central Banks was hindered to a considerable extent by the rise in the prices of paddy which affected much the trading community.

About 25 agricultural credit societies were cancelled during the year. The paid up capital of the agricultural societies rose from Rs. 7 00,129 to Rs. 8,72,738, and the reserve fund from Rs. 4,39,924 to Rs. 6,36,041. A peculiar feature in the development of the movement in Burma is the application of co-operative principles to schemes of land colonization. There are now four tracts where many such societies have been working satisfactorily. The object of the scheme is to provide "a means, hitherto absent, by which cultivators with little or no capital of their own are enabled to clear and cultivate waste land and yet retain it in their possession."

Adequate steps were not taken to organise more non-agricultural societies, which were only 46 at the end of the year. The Government have since decided to appoint a special Assistant Registrar to look after the development of these societies. The establishment of a Central Re-Insurance Society at Mandalay has enabled the formation of many Cattle Insurance Societies the number of which has increased from 63 to 306.

4. ASSAM.

The following statement records the progress of the movement in Assam during the years 1914-15 and 1915-16 :—

Kind of Societies.	Number of Societies.		Number of Members.		Working Capital.	
	1914-15.	1915-16	1914-15.	1915-16.	1914-15.	1915-16.
					Rs.	Rs.
i. Central Banks ...	7	10	449	503	1,96,217	3,29,275
ii. Unions ...	3	9	51	48	2,769	...
iii. Agricultural Societies.	271	285	13,698	15,792	8 47 241	3,96,185
iv. Non-Agricultural Societies.	20	18	1,821	1,638	2,61,078	1,71,777
Total...	301	315	16,022	17,981	8,07,336	8,96,237

The paid-up share capital of the central banks rose from Rs. 42,178 to Rs. 49,755, their reserve funds from Rs. 7,348 to 14,019 Loans advanced to the societies amounted to Rs. 44,145, as against Rs. 57,045 in the previous year. Loans and deposits held by the

Banks at the end of the year from individuals, amounted to Rs. 2,54,435 and from societies to Rs. 10,926, the corresponding figures in the previous year being Rs. 1,57,528 and Rs. 2,524.

The number of agricultural societies registered during the year was only 27 and about 19 societies were in liquidation. All the agricultural societies are based on unlimited liability. Their reserve fund has increased from Rs. 49,529 to Rs. 63,255, their profit from Rs. 18,110 to Rs. 22,935. The rate of interest allowed on deposits is 6¼%, while the rate charged on loans to members varies from 12½ to 18¾ per cent. Loans were issued to members to the extent of Rs. 1,46,801, the average for a member being Rs. 9-4-0.

No development has been made in the progress of the non-agricultural socities. The total capital including reserve funds has decreased from Rs. 2,58,397 to Rs. 1,74,077, members' deposits from Rs. 97,982 to Rs. 60,671, and those of non-members from Rs. 73,573 to Rs. 43,486. Loans issued to members amounted to Rs. 72,705, the average amount of each loan being Rs. 44. The Sunamganj Co-operative Dairy and Stores and societies for weavers did not work satisfactorily.

5. UNITED PROVINCES OF AGRA AND OUDH.

The following statement records the progress of the movement in the United Provinces of Agra and Oudh during the years 1914-15 and 1915-16.

Kind of Societies.	Number of Societies.		Number of Members.		Working Capital.	
	1914-15	1915-16	1914-15	1915-16	1914-15	1915-16.
i. Central Societies ...	58	58	8,502	5,613	61,54,725	64,39,888
ii. Agricultural Societies.	2,716	2,949	10,1511	106,333	49,77,450	51,32,044
iii. Non-Agricultural Societies.	188	182	6,220	6,918	4 58,778	4,62,969
Total ...	2,962	3 189	116,283	118,864	1 15,90,928	1,20,34,851

In spite of many adverse conditions created by the war, the movement is showing a steady progress.

Three central banks were closed during the year, but three more were registered of which one did not commence its work, The paid up share capital of the banks rose from Rs. 7·56 lakhs to Rs. 8·94 lakhs, their reserve funds from Rs. 3·86 lakhs to 4·81 lakhs. The proportion of paid up capital together with the reserve fund to the total working capital is now 21·5%, against 18·5% as in the previous year. Out of 3,088 societies in existenee, 2,956 are affiliated to central societies The total deposits and loans amounted to Rs. 44·01 lakhs. Advances to smaller central societies amounted to Rs. 4·33 lakhs and to primary societies Rs. 29·87 lakhs. At the end of the year the outstandings amounted to Rs. 46·25 lakhs of which about 12·30 lakhs were overdue.

The share capital of the agricultural societies has increased from 7·03 lakhs to 8·67 lakhs, their reserve funds from 3·54 lakhs to 4·69 lakhs and their profits from 1·43 lakhs to 1·78 lakhs. The working capital has increased by 1½ lakhs, the average capital per member being Rs. 48·2 as against Rs. 49·0 in the previous year. About 83 societies were either liquidated or in liquidation. The proportion of paid up capital, deposit, and reserve fund to the total working capital, rose from 26% to 27·6%. Advances made amounted to Rs. 29·96 lakhs and there was an increase in the amount of outstandings from 44·36 to 45·31 lakhs.

Of the non-agricultural societies there are 6 distributive stores, and one society for production and sale. Most of them have worked successfully. The Bareilly carpenters' workshop has done useful work, though its profit has somewhat fallen during the year under report.

CO-OPERATIVE SOCIETIES FOR DIVERS AND FISHERMEN.

By M. R. Ry. M. Ramachandra Bhupati, Inspector of Co-operative Societies, Manamadura Circle, writes under date 13-2-1917 to the Assistant Registrar of Co-operative Societies, Madura :—

In obedience to your C. No. 114 of 1917 dated 3-2-1917 and personal instructions during the interview with the Superintendent of Peral and Chank fisheries, I beg to report that I proceeded to Kilakarai on the 8th instant, met Mr. A. Somayaji of the Fisheries Department and made enquiries into the economic condition of the divers of that place and the possibility of organising a society for their benefit. I give below the result of my investigation during the three days' stay I made at that place.

2. Kilakarai is a sea-port situated in the Gulf of Mannar between the ports of Pamban and Tuticorin, 12 miles to the South of the Ramnad Railway Station. It is a union town with 3,397 occupied houses and a population of nearly 15,000. More than three-fourths of the people are Muhammadans known as Marakkayars (speaking Tamil). Others are Paravars (Catholic Christians) and a few goldsmiths and Vellalars (Hindus). It is one of the thickly populated towns in the Ramnad Zamindary. The port was in a flourishing condition some 30 years ago, but began to decline in importance after the introduction of the Railway to Tuticorin and especially after the opening of the Indo-Ceylon connection. Almost all articles including paddy, timber etc. intended for the consumption of the Zamindary of Ramnad which were formally shipped at Kilakarai and distributed from there are now brought by rail with the result that the foreign and coasting trade of the place has now dwindled into insignificance. The only articles of export at present are firewood, palmyra fibre, and chank shipped to Tuticorin for transhipment to other ports.

3. This soil is sandy, water is scarce and brackish and cultivation is carried on to a very small extent. Palmyras, cocoanuts and babool trees grow in abundance. Muhammadans who form the bulk of the population live as fishermen, divers, traders and coolies. A majority of them (only males, strict purdah system being observed among their women) emigrate to Ceylon, Straits, Burmah and other places and make a living either as petty traders or coolies. Others live as fishermen or divers engaged in the chank and pearl fisheries in the seas near. Catching fish and chank-fishing are the mainstay of a large number of them. There are about 600 families engaged in these pursuits. The divers go about chank-fishing for 9 months in the year and spend the remaining time in catching fish in the islands close by.

4. These divers are generally poor and have no landed property. Many do not possess even houses of their own. They live from hand to mouth being involved in hereditary debts to a few moneyed men who are of their community. They are hereditary slaves bound to a few capitalists by large debts. A large number of middle men who advance money to them in return for their catches eat away all their earnings. Much havoc is caused among the divers whose earnings seem to be sufficiently large, but, who rarely get a decent proportion of it for

themselves. They are so poor and are kept so miserable that they have to depend for their canoes on a few boat owners, who are in practice more exacting than even Shylock. They do not carry on fishing independently, but work under others more or less like coolies. This is the cause of their poverty. I explain below the system of chank-fishing as carried on at present.

5. There are three classes of people concerned in the industry, *viz.*, the Mudalali or merchant, the Sammatti or the boat owner and the diver. At Kilakarai and neighbourhood there are half a dozen Mudalalis and about 20 Sammattis. (Mudalalis are capitalists and Sammattis are boat owners.) Mudalalis advance large sums of money to Sammattis on the understanding that the latter secure sufficient number of divers for chank-fishing operations. Even when Mudalalis keep boats of their own, they still require the services of Sammattis for dealing with the divers. These Sammattis keep boats and canoes worth about Rs. 150 or 200 each. Besides their boat, they usually possess some property such as houses, etc. The amount advanced to them, however, bears no proportion to their property and they do not generally execute documents for sums received, nor even receipts. The amounts are simply debited to their accounts by the Mudalalis. Of late, it appears some are obliged to execute promissory notes. The Sammattis in their turn advance smaller sums to the divers who in return bind themselves to fish chank for them. The extent of advance a diver may obtain depends largely on his physical strength and capacity for fishing which is perhaps his only asset. A diver has no property and his only income is the advance he gets from Sammattis. When he sets up chank-fishing in the service of a Sammatti, he usually obtains from the Sammatti money sufficient for the maintenance of his family during his absence. Even when he is at home he receives small sums whenever required which are debited to his account. If a diver is only competent, the Sammatti persuades him to take as much advance from him as is necessary to keep the diver ever under his control. Here too, the diver executes no receipt or document, but the amount advanced is merely debited to his account. By renewing such advance the diver binds himself not only to work for the same Sammatti but also to pay a commission of 100 shells and a boat hire of 50 shells out of every 1,000 shells fished by him besides a money commission of Rs. 5. Thus for example when a diver fishes at Talaimannar the rate

of Talaimannar shells being Rs. 50 per thousand only the following goes against his advances :—

		Rs. A. P.	Rs. A. P.
Value of 1,000 shells	...		50—0—0
Less value of 100 shells for commission		5—0—0	
" " 50 " boat hire	...	2—8—0	
" money commission	...	5—0—0	12—8—0
	Total ...		37—8—0

So the amount that will be credited to the diver's account is only Rs. 37—8—0. Much deception is practised in keeping accounts and in their settlement which is supposed to take place every year during the fishing season. Mr. Hornell in his report says,—

" For the shells fished the divers received settled rates which usually appear satisfactory in amount. Unfortunately in the settlement of accounts many abuses are said to take place. To begin with the Sammattis deduct 10% of the total catch as a perquisite or bonus and 15% as boat hire. The value of the remaining 75% of shells is however not paid to the men, but is booked to their credit while on the debit side is entered a host of items for food supplied, fines, interest on their advance money and a proportion of all charges incurred by the Sammattis. The divers never see the Sammattis' book and they allege that the system is worked so, to their detriment that they remain hopelessly in debt, however good be the season's fishery. Particularly harsh is the deduction of 25% for boat hire and bonus. The absence of written agreements and of receipts for moneys paid etc., play into the hands of unscrupulous Sammattis and there is no doubt whatever that divers were and still are in a large degree, the debt-bound slaves of the boat-owners. "

6. Government hold the monopoly of all chank and pearl-fisheries in the waters of this Presidency and the Fisheries Department carries on the fishing through its own agency, collects all chank and sells them to merchants direct. Here the local Mudalalis have nothing to do. But in the seas belonging to the Ceylon Government fishing is allowed on payment of a certain duty. It is in these fisheries that the Kilakarai

divers work for the major portion of their time. A Mudalali at Kilakarai who undertakes to fish chank on a certain chank-bed takes his own men to fish, carries on the fishing operation and pays the prescribed duty calculated on the number of shells fished by him. The Mudalalis who carry on this trade year after year have advanced large sums of money to Sammattis who undertake to supply them with the required number of divers and boats and also to supervise their work in return for a discount of Rs. 10 for every 1,000 shells supplied by them. In this way a Mudalali might have advanced to half a dozen Sammattis each of whom in his turn to 15 or 20 divers who are bound to work in the boats of the Sammatti. Thus when diving operations begin each Mudalali is able to take about 100 divers to the fishing station. The chank fished by the diver is taken charge of by the Sammatti then and there and passed on to the Mudalali after charging his commission etc., as already explained to the diver's account. Then again he charges a discount of Rs. 10 on every 1,000 shells which he supplied to the Mudalali to the Mudalali's account. Thus he gets commission on both the sides. Supposing a diver fishes 1,000 chanks the price of which is fixed as Rs. 50. The Sammatti first takes away 100 shells for commission and 50 for boat hire besides a money commission of Rs. 5. The diver gets for his share only 75% of the proceeds, that is, Rs. 37-8-0 the remaining 25% or Rs. 12-8-0 being appropriated by the Sammatti. Again the price the Sammatti gets for the 1,000 shells which he supplies to the Mudalali is Rs. 50 *plus* 10 or 60 making a clear profit of (Rs. 12-8-0 from the diver, Rs. 10-0-0 from the Mudalali) Rs. 22-8-0. Neither the diver nor the Sammatti gets cash but the amount thus calculated is credited to their accounts against advances received etc., respectively in the accounts of the Sammatti and the Mudalali. I append herewith a statement showing the magnitude of the profits made by these middlemen in each of the four varieties of chank usually fished in the near seas. They are called (1). Talaimannar, (2). Naina Theevu, (3). Kondal, and (4). Illupakadavai, after the name of the places from where they are fished.

7. Thus it is evident that the poor diver gets only a very small percentage of what he earns, the major portion being appropriated by the middlemen. He has no capital, no boat, no organisation, and

above all no business capacity. He has to pay an extraordinary penalty for the want of these qualities in him. He can have all the profit for himself if he can only get a boat of his own and put himself in direct touch with the merchants at Bombay and Calcutta. The producer and the consumer are far apart and the result is, a large proportion of the producer's money goes to the pockets of the inevitable middlemen. The thriftless diver is ever in want. He is not able to lay by money sufficient to buy a boat for himself. The Sammatti system is so worked that the little the diver gets for himself is hardly sufficient for the maintenance of his family and he is obliged to remain in perpetual bondage to the middlemen. I herewith append specimen extracts from the diver's account in the books of the Sammatti, in order to give an idea of the various items for which the poor diver is charged. It is needless for me to expatiate on the miserable condition into which these divers are thrown partly out of ignorance and partly out of time-honoured custom of surveillance to which they are perpetually subject to.

8. Now the question is how to ameliorate their condition. It is suggested that the co-operative department may organise societies for them and these societies may undertake not only to pay off their old debts but also to supply them money to build boats of their own. No doubt the suggestion is good but the obstacles in the way seem to be too many. Human material to manage the business is not available among the divers and they will have to depend upon paid agents or Government servants to manage it for them. They are usually illiterate. Even their Mudalalis are obliged to depend solely upon their Vellala Kanakkapillais for keeping accounts. Management by themselves is an impossibility. The Department of Fisheries may perhaps undertake to do this work for them. The next difficulty is how to get funds sufficient for financing the society. The divers have hardly any property. They have to be given large sums of money merely on the security of their physical strength. They get disabled very often owing to ill health. The hardships of their sea-faring life make them frequently ill. They catch fever or cholera in batches during their fishing camps and succumb to these diseases in large numbers. They are caught by stark occasionally when under water. They go away to foreign places in order to evade their debtors or to eke out their liveli-

hood in easier pursuits. Money advanced to all such men cannot but be written off wholesale as they leave no property behind. At times such losses may be so heavy that no society can withstand. The Muhammadan law is peculiar in allowing hold upon the property for a host of people. It may be questioned how then the Mudalalis and Sammattis advance large sums of money to these men. They take all the risk and the large margin of profits which they make is a substantial compensation for the loss they incur in such cases. Further being closely related to each other they have a strong hold upon the progeny of the deceased person. It is very usual that the debts of the deceased individual is borne by his son, brother or other near relation even in the absence of written documents. The custom is that the body of the deceased is not allowed to be buried unless the debts due by him are borne in writing by his heir or legal representative. Even though there is no property left behind some one has to undertake to be responsible for the debts in order to enable the body being buried. Again if the son or brother having once undertaken to repay such debts refuses to fulfil his promise afterwards he is not allowed to say prayers in the mosque which is indispensable with every Muhammadan. He is not allowed to marry, for the priest will not sanction the ceremony. I understand that such occurrences are not uncommon. Thus the debt of a father is carried on to the days of his son, grandson or even great-grandson *ad infinitum*.

9. Then again the individual indebtedness of these divers is very high. Some of these have obtained advances up to Rs. 2,000 even though they have no property. I am at a loss to know how these men are trusted for such large sums. It is out of mere speculation. It is not possible to take correct statistics of the indebtedness of all the divers unless the Mudalalis are taken into confidence. Some of the divers are not aware of the extent of their indebtedness to Sammattis and when questioned they simply say they do not know and it will be a few hundreds. The Mudalalis naturally resent any idea of up-lifting the divers who are the source of their income. Their interest lies in keeping them ever under their control. Of late there appears to have arisen keen competition among the Mudalalis tuemselves. As the profit of a Mudalali depends on the number of divers that work for him every one tries to get as many divers as possible and consequently

tries to force more advance on them than his rival. All sorts of influences are brought to bear in securing the bondage of divers. A diver cannot quit the service of one Sammatti unless he clears his dues to him. He therefore not only obtains the full extent of his indebtedness from another Sammatti and clears the debts of his previous master, but also some more money for his immediate expenses. The competition among the Mudalalis increases the indebtedness of the divers and the latter do not understand that this is to his own disadvantage. So long as he is able to get cash to spend, he does not care to whom he is indebted nor has he the forethought to calculate how he will be able to clear his debts. These debts he does not consider as debts at all.

10. A society for such a reckless class of people is almost an impossibility. Even supposing that we teach them thrift and make them understand their situation we shall require lakhs of rupees before we can give actual relief to an appreciable number of these people. I do not think it is possible for a society to obtain such an enormous capital especially when it is constituted of a set of paupers with heavy prior debts. In the fact of keen competition the society cannot attract members unless it is prepared to give complete relief of their previous indebtedness and also money for their every-day expenses. I give below a list of the Mudalalis (names suppressed) with the approximate amounts of advance they are said to have made to their Sammattis.

List of Mudalalis. (Names suppressed).		Amount advanced Rs.
1. A. B.	... ...	1,75,000
2. C.	... ...	75,000
3. D.	... ...	35,000
4. E.	... ...	30,000
5. F.	... ...	35,000
6. G.	... ...	20,000
	Total Rs.	3,70,000

11. It is also to be considered whether a few divers, say 20 or 30, whose previous indebtedness is only in small sums cannot be grouped together and a society worked in a small scale in order to

set an example to other divers. This may be tried but even here there may be difficulties. The Mudalalis take care to see that the services of honest, regular and tactful divers are secured to them at any price. It is only those that are wanting in these qualities that may go in for the society as the divers as a class are illiterate and wanting in common sense. The Fisheries Department recruits divers at Kilakarai for carrying on their operations. I should say it is with some difficulty that they are able to get a few men and these few are not the desirable sort of people when their previous indebtedness and dealings with Sammattis are taken into consideration. They are considered deserters and it is the daily wages that they get in hard silver every evening that attracts them to Government work. Small advances of Rs. 10 or 15 are made to them and they are recouped in course of a few days. The wages they obtain in this way are spent away then and there. They lose the confidence of the Sammatis who levy fines and debit them in their accounts according to usage. These are evidently not the right sort of people. I also gather that the Mudalalis are trying their best to prevent even these men from working for the department.

12. Under these circumstances I beg to submit that the scheme is not practicable, unless the Co-operative Society takes the place of the Mudalalis and diverts all business to itself. As the divers are just dispersing for their fisheries, I am not able to go deeper into their economic conditions. They say they will return in October next after which an attempt may be made to organise a society in a small scale. A small society with a limited number of selected members may be tried to begin with. Mr. A. Somayaji of the Fisheries Department who is attending to this work in addition to his other duties is also of the same opinion. I am indebted to him for some of the information herein contained. The following passage from Mr. Hornell's report is also noteworthy :—

" During the past year a number of divers both at Tuticorin and Kilakarai who wished to be rendered independent of their Sammattis by possessing boats of their own were assisted by money contributions. The sums advanced were restricted to amounts not exceeding two-thirds of the value of boats purchased. To prevent loss and fraud the latter have been formally transferred to the Superintendent of pearl and chank fisheries as acting for Government and registered in his

name. In all, 5 boats were purchased in this way and I am glad to report that the monthly instalments due thereon have generally been satisfactorily met. In one case, the whole amount advanced has already been refunded. The interest charged is 6¼ per cent. per annum. The assistance has been greatly appreciated and many applications have had to be refused as Government do not see their way at present to extend the system to men who are not actually engaged in the Government chank-fisheries. Were the system extended to net fishermen, I consider that a great stimulus to the fishing industry would result and I hope that means may yet be found to overcome the difficulty which Government see to much extension".

13. I will meet the Superintendent of Fisheries at Rameswaram where he is expected to camp by the 16th or so, take his instructions in the matter and report.

No.	NAME OF THE SOCIETY.	Rate allowed to the diver by the Sammatti for every 1,000 shells.	Amount actually realised by the diver for 1,000 shells.	Amount actually realised by the Sammatti for every 1,000 shells.	Rate at which the Mudalali sells shell at foreign markets according to prevailing rates.
			Rs. a. p.		
1	Talaimannar ...	50	37 8 0	60	150
2	Iluppakkadavi ...	70	52 8 0	80	175
3	Kondal ...	95	71 4 0	105	200
4	Naina Teevu ...	110	82 8 0	120	250

GOVERNMENT ORDER ON THE REGISTRAR'S REPORT FOR 1915-16.

The report of the Registrar of Co-operative Societies for the year 1915—16 shows that during that year there occurred a net increase of 200 in the number of societies registered, and the Government are glad to observe that the number of supervising unions, though falling short of the expectations of the Registrar in his report for 1914—15, has risen from 20 to 31, and the number of societies brought under union control from 400 to 604. In other words nearly two-thirds of the total number of primary societies in this Presidency lie outside the pale of union control. The Government hope that the Registrar and his staff will succeed in reducing this high proportion substantially during the current year.

(2) An interesting feature of the year's report is the noteworthy increase in Muhammadan, Christian and Panchama members on the rolls of the primary societies. While recognising the difficulties that beset the expansion of Co-operation among Panchamas, the Government doubt whether sufficient use has been made of the various philanthropic agencies that are in close touch with depressed classes, and whether advantage has been taken of such influence as is still exercised by the hereditary leaders of the lower castes. The attention of the Registrar is invited to this aspect of the problem.

(3) Though the main interest in the report is rightly centred on agricultural societies and their relations with central banks and administrative unions, the importance of encouraging co-operative methods in other spheres of economic activity has not been overlooked. Non-agricultural credit societies are increasing in number, and they seem relatively healthier than the agricultural societies. Other classes of non-agricultural societies are comparatively few, the single productive society (the Big Conjeevaram Weavers' Union) worked at a loss, the prosperity of the Triplicane Stores Society is menaced by dissensions and Building Societies, except that at Kumbakonam, are stagnant. The Government believe that these various branches of Co-operative work deserve closer attention than they have hitherto received and that the paragraphs allotted to them in the report might with advantage be amplified.

(4) The year under review was a period of transition, and the profit accounts of agricultural credit societies were materially affected by the rules enforced under G. O. No. 15 Revenue, dated 4th January 1916. The heavy percentages of "overdue" interest, which in no "section" can be called satisfactory, fully justify the veto imposed by the Government on treating interest "due-but-not-paid" as profit, and at the same time indicate that the remedy lies with the societies themselves in prompt collection of outstanding balances. The Government note with approval the improvement effected in the Salem and Cocanada Sections, and regret the deterioration in the Madras Section and in Tanjore.

(5) With regard to what the Registrar conveniently calls "accrued" interest (*i. e.*, interest "earned but-not-due") no relaxation of the rule seems called for until the societies have given a fair trial to the suggestion that the due date for payment of interest should be fixed between the season when agricultural produce is marketed and the end of the Fasli year. In view of the fact that this rule was introduced in the middle of the Co-operative year the action of the Registrar in permitting Central Banks to take credit for such "accrued" interest is accepted, but the Government was averse to a repetition of such exemptions unless the Registrar can adduce strong reasons in their support.

(6) The Government entirely concur in the remarks of the Board of Revenue regarding the serious failure of co-operators in certain districts to meet their liabilities. The dissolution of so large a number as 63 societies is an unpleasant feature of the year's record, and it is hoped that the fate of these societies will help to stimulate a keener and a more general sense of responsibility and of the need for business-like supervision and audit in co-operators.

(7) The rapid increase in litigation is an unwholesome feature of the year's work and a direct result of the want of punctuality in the repayment of loans and of interest due.

The total number of suits filed in the year under review exceeded that of the preceding year by nearly 60 per cent., the increase in five years is over 600 per cent. The seriousness of this is shown by the following figures :—

Number of suits filed during				
1911-12	1912-13	1913-14	1914-15	1915-16
148.	255.	429.	652.	1022.

Little use has yet been made of the rule recently framed under section 43 of the Co-operative Societies Act of 1912, which provides for the decision of disputes by the Registrar or Assistant Registrar or through arbitration. The Government hope that the Registrar will succeed by the judicious application of this rule in rendering resort to civil litigation unnecessary.

(8) During the year under review, Government have passed orders accepting the scheme formulated by the Registrar for the Devolution of primary audit and supervision of societies to non-official agency

entertained by central banks and unions. The essential feature of the scheme is that primary societies should contribute eight annas per cent upon all their borrowings as they stood on the 30th June previous, including under borrowings all loans and deposits. It is gratifying to note that all Agricultural Societies and many non-agricultural societies have readily accepted the Registrar's proposals for the formation of the supervision fund. The Government hope that the other non-agricultural societies also will grasp the reality of the need for such contribution, and accept the scheme in the course of the current year and thereby obviate the need for reviving the question of audit fees. Unfortunately the year under review was not favourable to the formation of the supervision fund owing to the apparent fall in the profits of societies by the exclusion of interest "accrued" and interest "overdue" from net profits. The Government request the Registrar to see that the supervision scheme is given effect to without avoidable delay, and to submit for the approval of the Government a set of rules defining the exact functions of the supervising and inspecting staffs appointed by societies and Government respectively. The Registrar is further desired to report on the existing personnel of both the State and non-official agencies for supervision and audit and to examine their qualifications, and the adequacy or otherwise of their training and his opinion is invited as to whether the time is now ripe for formulating a detailed syllabus of Co-operative training and for enlisting the help of the Educational Department in spreading more widely a knowledge of the essential principles of Co-operation.

(9) It would be easy by laying stress on the unfavourable features of the year to make it appear as one of retrogression. The facts that no less than 63 societies had to be wound up for bad work, that more than double the number of suits had to be filed than in 1913-14, that a large portion of the profits hitherto claimed by Agricultural Societies is now shown to have consisted of sums not yet realized and that in the case of these societies more than half the interest and nearly one-third of the principal due is in arrears, certainly furnish a somewhat formidable list of shortcomings. These facts are a sufficient commentary on the policy sometimes advocated of hasty multiplication of societies without regard to the soundness of their condition and they perhaps point to some excess of leniency in registration in the past. But so far as the year under report is concerned the Government are

clearly of opinion that there is evidence of real progress and improved working. The very fact that steps have been taken to wind up delinquent societies and to bring defaulters to book shows that the evils of laxity of control have been recognised. The percentage of arrears both of interest and principal shows some improvement though slight. The exclusion from "profits" of sums overdue and uncollected has put this item on a healthier basis. On the other hand both share capital and working capital continue to increase and the whole of it is private capital derived from the savings of the people and not from Government funds. Reserves are steadily being built up. Profits will revive as soon as arrears are collected. Co-operation in this Presidency is a genuine growth, not an artificial product of official agency, and an immense amount of good work is being done by workers all over the Presidency, many of whom are actuated by a sincere sense of public duty. What is urgently and absolutely necessary is greater punctuality in the payment of interest and principal due. This can only be attained by better audit. Increased supervision and greater insistence on the prompt payment of arrears, in a word on improved organization. As the Board rightly points out what can be achieved in this direction is shown in South Canara where the uncollected arrear was less than 2 per cent. of the demand. The development of a supervising staff and the spread of Unions, both of which the Registrar has in hand, will, it is to be hoped, lead to steady improvement and to the real of the defects now visible.

(10) In conclusion, the Government have much pleasure in acknowledging the excellent service of the Registrar and his staff and of all those non-officials whose assistance has contributed to the continued development of the Co-operative movement and without whom it could not continue to exist.

DEPARTMENTAL CONFERENCE.

The following are extracts of the proceedings of the conference of Registrar, Assistant Registrars and Secretaries of Central Banks held at the office of the Registrar of Co-operative Societies, Madras, on the 3rd and 4th April 1917 :—

The Registrar, all the Assistant Registrars and Secretaries of the following Central Societies were present:—Madras Central Urban Bank, Coimbatore Central Bank, Salem Central Bank, Conjeeveram Central Bank, Puttur Central Bank, Tenali Central Bank, Madura Central Bank, also Secretary, Cuddalore District Supervising Union, Secretary, Tiruvannamalai Local Union and Secretary, Uttaramerur Local Union. The following is a summary of views expressed by representatives of District Banks, Banking Unions and Supervising Unions.

(1) Secretaries of Central Banks are unanimous that it will upset arrangements at this late stage of the year if exclusion of accrued interest is insisted on. Secretary, Madura-Ramnad District Bank, alone thinks that it may be practicable to collect interest in the last quarter of the Co-operative year; but see his further remarks below. Other Secretaries do not agree. They represent that deposits are re-payable to depositors at all times of the year and that payment of interest to depositors is likewise distributed over all parts of the year. They say that re-payment of deposits and payment of interest thereon will become difficult if all interest payable by societies comes in at one part of the year.

Secretary, Madura-Ramnad observes that the bank's contract with nearly 100 primary societies in Madura-Ramnad provides for payment of interest in July to December of each year. He thinks that if time, say 2 years, were given for alteration of contract, there would be no objection to collection of interest in the last quarter of the Co-operative year or to shareholders dividend being determined only by actual collections of interest. Christian Central Bank and Salem District Bank agree to this but Madras Central Urban Bank will consider the point at next meeting of Directors and report.

Secretary, Coimbatore District Co-operative Bank, thought that Government might well allow the present system to continue, subject to a deduction from net profit on account of bad debt fund.—Secretaries of other central banks were in favour of the proposal but could not undertake to express an opinion without consulting their Directors.

(2) Central Banks other than those in the Northern Circars and the Madras Central Urban Bank are not prepared to levy the contribution to supervision fund as an addition to the rate of interest.

(3) The Conference discussed for a long time the relations between District Banking Unions and Local Unions. The Banks in the Northern Circars preferred that local unions should be primarily responsible for supervision and that District Banking Unions should mainly carry on financing functions. The southern Banks preferred that the major responsibility for supervision should vest in the District Union. All were agreed that expenditure from the Supervision Fund should be limited to recurring establishment charges, directly connected with supervision, and that other charges should be strictly controlled by the Registrar.

On the subject of apportionment of contribution between the District Banking Union and the Local Union, Madura is prepared to make a by-law that District Bank should contribute 5 per cent. of interest collected and primary societies should pay the same proportion of interest collected by them. All other Central Banks contribute not less than 4 annas per cent. on interest realized by them.

(4) The District and Central Banks and Supervising Unions are invited to take one share each in the Madras Central Urban Bank, under its new constitution.

(5) Offers for the post of Honorary Assistant Registrars.

The conditions were explained to the conference.

(6) District Banking Unions doing supervising work will send a monthly narrative to Registrar or Assistant Registrar.

(8) *Question raised by Mr. C. N. Krishnaswami Aiyar.*

By-laws and how to amend them:—

There was some discussion but no conclusion was arrived at. In Madura the by-law still runs that ⅛ of the net profits shall be contributed to an inspection fund. Government should be moved to replace this by-law if it is illegal, by another. They have since published a draft notification, saving existing by-laws for distributing net profits.

A CO-OPERATOR HONOURED.

Dewan Bahadur L. D. Swamikannu Pillai, Registrar of the Co-operative Societies, did yesterday the pleasing function of unveiling the portrait of Mr. K. B. Ramanathan Aiyar who had long been associated with the Triplicane Co-operative Society, first as a Director and then as President. The portrait was the gift of the employees of the Society as a mark of their appreciation of the many excellent qualities which Mr. Ramanatha Aiyar had exhibited in their common work of advancing the interests of the society. The meeting was very largely attended by co-operators and visitors. Among those present were

Mr. T.R. Venkatarama Sastri (President of the Society) Rao Bahadur A. C. Pranatharthihara Aiyar, Dewan Bahadur A. Krishnaswamy Aiyangar, Rev. D. G.M. Leith, Rao Sahib P. K. Subba Aiyar, Mr. T. S. Subramania Aiyar, Mr. P. A. Subramania Aiyar, Mr. K. V. L. Narasimham, Mr. Dandapani Aiyar, Mr. Gopalakrishna Aiyar, Rao Saheb G. Venkataranga Row. Rao Bahadur A. Krishnaswami Row, Rao Saheb V. A. Parthasarathi Mudaliar, Mr. T. A. Sundaram Aiyar, Mr. Vidyasagar Pandya and Mr. G. A. Natesan. Mr. Swamikannu Pillai on arrival was received by Mr. Venkatarama Sastri and conducted to his seat in the newly built Hall of the Head Office of the Society which is located in the Big Street, Triplicane.

In requesting Mr. Swamikannu Pillai to unveil the portrait, Mr. Venkatarama Sastri said that he had known Mr. Ramanathan intimately for ever 20 years and he was not surprised that the employees of the society had been attracted to him by a feeling of affection and regard ; for no one who had opportunities of close and intimates association with one of Mr. Ramanatha Aiyar's character and qualities could fail to be so attracted. It was thought proper that on this occasion they should ask their popular Registrar of Co-operative Societies to unveil the portrait. He then requested Dewan Bahadur L. D. Swamikannu Pillai to unveil the portrait.

Dewan Bahadur Swamikannu Pillai before unveiling the portrait made a very interesting speech in the course of which he said he had hoped that the task would fall on worthier shoulders, but perhaps it was not possible to make other arrangements. He was glad to have an opportunity to take the Chair in such a distinguished assembly, for it did not often occur to a Registrar of Co-operative Societies to take the Chair at a meeting of democratic Government; the Registrar was generally behind the screen and he might come in by tolerance. The second and the more agreeable reflection was that he was called upon to unveil the portrait of his old friend Mr. Ramanatha Aiyar.

The one thought that was foremost in their minds was not so much the compliment they were paying to Mr. Ramanatha Aiyar, but the great devotion with which they followed him in the work of the co-operative movement. The Triplicane Co-operative Society of which Mr. Ramanatha Aiyar had been the life and soul for a long time, had been in existence before the Act was passed. A great deal of credit and very much more than credit was due to the organisers of the

society and Mr. Ramanatha Aiyar was the foremost among them. The members of the society ought to have joined to make a presentation of a portrait of Mr. Ramanatha Aiyar to the Society and they might have done Mr. Ramanatha Aiyar greater honour by doing so. He hoped that greater honours would come by and by. They must be gratified by the action of the employees of the society in subscribing for the portrait.

Mr. Ramanatha Aiyar was known to them all as a great man of letters, a great teacher, a Fellow of the University, an educationist and as a co-operator. Mr. Ramanatha Aiyar had set an example to co-operators for all time to come, by his honorary work and unstinting and unselfish devotion to duty. If they had not, at the beginning of the co-operative movement, men like Mr. Ramanatha Aiyar, this society would have taken a long time to reach the stage which it had reached at present. In the early days of the movement in this Presidency there were very few people like Mr. Ramanatha Aiyar who worked heart and soul for the common cause, but the examples set by those few people had been very productive, so much so a great many were interested and he hoped that a great many more would interest themselves in the movement which appealed more than anything else to the devotion and self-sacrifice of every true patriot. In this connection he would appeal to them on this memorable occasion to do their best to make this great institution which had been so much praised in the past, a success in the future. No body had at heart the success of this institution more than the distinguished assembly which he saw before him. There had been a considerable change in the direction of the Society. In the directorate there were gentlemen whom he would not name but whose names in the list of Directors were an excellent guarantee of the future good work of the Society. He would appeal to them all not to allow themselves to be depressed by past recollections but to take hope for the future. In all movements there was a crisis and he thought that the crisis of the Triplicane Society had come and gone. He hoped that one day the Triplicane Co-operative Society would be talked about like one of the great Rochdale pioneer associations in England and its name would be written in letters of gold. The Co-operative movement which was only 70 years old had taken root in India and its success had been astonishing, although at the beginning it was looked upon with suspicion. They should do their best to keep up the success of the movement for business as well as educational reasons. The Society was in their hands and they had been conducting the society so well for very long time that even the department know very little about the internal workings of the society. They had to learn one great political lesson, from the working of the Society, namely, the lesson of Self-Government.

This society was not giving as much trouble as even the humblest of co-operative societies in the presidency, owing to its excellent working in details. The objects of a co-operative, society were to inculcate the principles of thrift, self-control and self-Government. Those principles could not be applied in practice better than in the Triplicane Society which had thousands and thousands of members. The success of this society depended on the way in which the members conducted themselves and they should set the lesson of self-Government to the other societies in this Presidency. He appealed to their generous and patriotic sentiment to keep up their work of co-operation and to carry it on in a business-like and efficient manner. In conclusion he thanked them for giving him an opportunity to show that there was ample cause and excellent reason for their meeting to do honour to a premier co-operator in the Presidency.—*The Hindu.*

INDIAN WAR LOAN AND THE MADRAS CO-OPERATIVE SOCIETIES.

REGISTRAR'S CIRCULAR R. C. NO. 1063 OF 1917.

It is observed from a press communique of the Central Provinces published in the newspapers that the Provincial Co-operative Bank of that Province has contributed to the War Loan over 5 lakhs of rupees. It appears highly desirable that all co-operative societies in this Presidency should subscribe to the War Loan their spare funds, if any, and their reserve funds not already invested in other banks. If the financing banks with which the reserve funds of primary and Central Societies have already been invested can spare the same wholly or partly without inconvenience, such funds can also be transferred to the War-loan. The investment will be quite safe and reasonably profitable.

2. The time fixed for presentation of applications for the several kinds of War-loans other than through Post Office expires on the 15th June 1917. For this and other reasons, Societies are advised to apply

for investment only through Post Office. The time fixed for application through Post Offices expires on the 15th October 1917. The limit of investment is Rs. 7,500 for each of the three sorts of Loans detailed below :—

(1) War Loans 1929-1947 at 5% at 95 per cent.

(2) War Bonds of 1920 and War Bonds of 1922 at 5% free of Income tax at par.

(3) Post Office 5 year Cash Certificates at Rs. 7-12-0 for every Rs. 10.

3. Investments 2 and 3 are by far the best for *Investment by Co-operative Societies* as the sums invested are returnable in a short period, *viz.*, in 1920 or 1922 in the case of (2) and in 5 years in the case of (3). The last is particularly the best as the certificate can be sold to the Post Office again even during the currency of the 8 year period with a proportionate addition for interest. It will be also advantageous to deposit with Accountant-General the Bonds and Certificates thus purchased.

4. Societies can have further instructions, if necessary, at the nearest Post Office.

5. As soon as possible after the close of the Co-operative year 1916-17 the Registrar will advise all Co-operative Societies to invest in War Loans, War Bonds, or Post Office Certificates their reserve fund for the year as well as that not already remitted to Central Banks. It is hoped that all Societies will comply at once with the recommendation.

THE NORTH ARCOT DISTRICT CO-OPERATIVE BANKING UNION, LIMITED.

The above bank was started on the 6th May 1917 at Vellore. Representatives of almost all the Co-operative Societies of the District were present. Many officials and well-wishers honoured the occasion by their presence.—M. R. Ry. Dewan Bahadur L. D. Swamikannu Pillai Avl., Registrar of Co-operative Societies, Messrs. A. Vedachala Iyer, Arulanandam Pillai and Venkatachariar, Assistant Registrars of Co-operative Societies, were also present.

M. R. Ry. R. V. Ardhanari Iyer Avl., President of the Tiruvannamalai Taluk Co-operative Union and Urban Bank, presided. The Bye-laws of the Banking Union as approved of by the Registrar, were read and passed. A perusal of the Bye-laws of this Bank will clearly show that the principles laid out by the Committee on Co-operation for a financing bank, have been embodied in the rules. The special features of this bank may be summed up as follows :—

(1). Out of 4,000 shares of Rs. 50 each which form the nominal capital for the present, 2,000 shares have been allotted to societies and every society of the District is expected to take as many shares as their whole share capital could purchase.

(2). A preferential dividend of 7½% is guaranteed to individual share holders, the societies guaranteeing the same agreeing to divide only the remainder of the profit if any, up to a maximum of 6% and anything over the same, being distributed to individuals up to 9%.

(3). Individual shares are terminable at the end of 15 years.

(4). A supervision fund is created out of the interests earned at 8% by setting apart ¾% for supervising the societies of the District.

(5). The Board of Management consists of 8 society members and 7 individuals. Out of the 8 Society members, every union has a representative of its own. Even in the Executive Committee of 5 members three represent the societies. Thus a majority always rests with the societies.

(6). Every person entitled to be present has only one vote whatever may be the number of shares he has paid for.

(7). Provision has been made for a paid Secretary (full-timed) who has no seat either in the Board of Management or in the Executive Committee.

Thus the bank is organised on a purely co-operative basis. Nearly 1,000 shares by the societies and 800 shares by individuals were subscribed for on the starting day. A separate supervision board consisting of representatives of District Banks, Urban Banks and Unions is resolved to be constituted for undertaking the supervision and propagandist work and the supervision fund of the District will be under their disposal.

The Banking Union promises to have a bright career and its progress will be watched with keen interest by the Co-operators.

CO-OPERATIVE HOUSING IN BOMBAY.

The annual general meeting of the Bombay Co-operative Housing Association was held recently in the office of the Bombay Improvement Trust, Mr. J. P. Orr presiding.

The Managing Committee, in the course of their report, for the year ending 31st March, 1917, said :—

During the year under report two housing societies were registered under the names of the Mangalorean Garden Homes Co-operative Society and the Bombay Catholic Co-partnership Housing Society. These and the Saraswat Co-operative Society founded in March 1915 are the only three housing societies registered upto now in the Bombay Presidency. The work of the Association in pursuance of its fine main objects was continued in 1916-17 on the usual lines. Altogether 11 meetings were held during the year for lectures and discussions of the different aspects of the housing question.

A Saraswat Enterprise.

As in 1915-16, so in 1916-17 the one important practical advance in co-operative housing was that made by the Bombay Saraswat Co-operative Housing Society. This Society had at a cost of Rs. 72,000 built in 1915-16 on the Bombay City Improvement Trust Estate at Gamdevi 3 three-storeyed houses to accommodate 18 families, each house containing 6 self-contained four room tenements, with two tenements on each floor. During 1916-17 the Society, encouraged by public support resulting from the success of their first venture, took up another Improvement Trust plot adjoining their original holding and built at an additional cost of Rs. 72,000 two more houses to accommodate 24 families. These two buildings are also three-storeyed, and though tenements are placed on each floor, they are all self-contained, each pair being served by a central staircase. The accommodation provided in each tenement consists of three living rooms, with bath room, W. C. and verandah. In this new venture the Society had in view the desirability of housing members who could do with less accommodation than the original tenements provided and could not afford the rents (Rs. 28, Rs. 33 and Rs. 36) of these original tenements. The new tenement has one room less than the old and the rents are Rs. 21, Rs. 26 and Rs. 28 on the ground, first and 2nd floors respectively. The buildings were erected in 10 months and as soon as the tenements in these were ready, they were at once taken up by members in February 1917. The Mangalorean Garden Homes Co-operative Society was registered in December 1916. It is mainly a land society having for its object the purchase of land near Bombay for being parcelled out among those members who wish to build houses individually with their own capital. The Society intends also to build a few houses on its own behalf for being let out to the poorer members such as cannot afford to own a house individually.

A Catholic Scheme.

The Bombay Catholic Co-partnership Housing Society registered on 31st March 1917 will build houses on the tenant co-partnership system, as its name indicates, on the lines of the Saraswat Society. They have already purchased land at Santa Cruz in the suburbs of Bombay. The stringency of the money market on account of the war, the high prices of labour and materials, and the difficulty of obtaining loans on easy terms have made it increasingly difficult for the existing building societies to push on their work vigorously, and for more societies to come into existence. All these circumstances have emphasised the need of Government subsidies in aid of co-operative housing. It is earnestly hoped that the Association's representation for state aid will receive at the hands of Government the sympathetic consideration it deserves. The model byl-aws framed by the Association in 1915-16 for the guidance of building societies on the tenant co-partnership lines were in 1916-17 approved by the Registrar of Co-operative Societies, Bombay Presidency. The number of members of the Association rose from 79 in 1915-16 to 91 in 1916-17; 11 meetings held for lectures and discussions. The total receipts during the year amounted to Rs. 350-8-0 which together with Rs. 255-1-3 the balance of the previous year, amounted to Rs. 605-9-3. Out of this Rs. 264-14-6 were spent on purchase of books and magazines, printing, postage and other contingent expenses, leaving a balance of Rs. 340-10-9 in hand at the close of the year with no debts owing to or by the Association, except Rs. 165 subscription due from 23 members. Numerous enquiries were received from time to time from all parts of the country regarding the work of the Association, the Societies started under its auspices and the literature published by it, and in reply copies of reports, and leaflets of the Association were sent out. This, it may be hoped, will lead to a furtherance of the co-operative housing movement and to a closer study of the housing problem to India.

The report was approved and adopted. Sir P. D. Pattani was re-appointed President of the Association and Mr. J. P. Orr, Sir, V. D. Thackersey, the Hon. Sir Fazulbhoy C. Ebrahim, Mr. R. P. Masani and the Hon. Mr. Chunilal V. Mehta were re-appointed vice-presidents. Mr. S. S. Talmaki and Mr. T. D. Kapadia were re-appointed Honorary Secretaries.

The Chairman said that in spite of the apparent apathy of the public the Association was gradually doing good work and what it had already achieved was good for the beginning.

CATTLE INSURANCE IN BURMA.*

BY A. E. ENGLISH ESQ., I. C. S.

Registrar of Co-operative Societies, Burma.

After some six years' experience in the introduction of co-operative credit into the various districts of Burma it became clear that one of the chief causes of indebtedness was the loss of plough cattle by death from disease or accident. In accordance with the obvious fact that insurance providing for the replacement of cattle so lost, and for the evolution of a spirit of corporate responsibility for the tending of cattle, was preferable to the mere granting of credit to replace such dead beasts, efforts were made to discover a simple and suitable system of insurance of plough cattle suitable for Burma.

The matter was complicated because Burma has a variety of climates, crops, crop seasons, cattle and systems of cultivation and methods of cattle tending. Speaking broadly there is the southern wet zone where rice is cultivated in the rains (June to November), where the rainfall varies from 80 to 150 inches and where it is never cold; then there is the northern wet zone comprising five hilly districts where the rainfall averages 80 inches and rice is the main crop, and where there is a distinct cold season; and between these there is the central dry zone with a rainfall varying from 15 to 40 inches, liable, where not irrigated, to serious draughts and having for two or three months a very high temperature (100 to 115 degrees. F.). In this dry area there is a large variety of crops. On the uplands are grown cotton, sessamum, ground-nut, jowar etc., in the rainy months (June to November), sugar-cane, rice, onions and pulses, are grown throughout the year under irrigation; and pulses, potatoes, chillies and other miscellaneous crops are raised in alluvial land along the river in the dry whether (November to April).

* From the *Monthly Bulletin of Economic and Social Intelligence.*

In the north and south wet zones the buffalo was till recently the principal draught beast. In the Delta districts, however, the buffalo's susceptibility to rinderpest has brought about an ever extending use of bullocks, and there is now a large annual export of bullocks bred in the dry zone to Lower Burma for ploughing and carting purposes. In the northern wet zone, where soils are heavy and weeds strong and where cattle are also used for timber extraction, the buffalo remains in favour, but the village herds are still liable to terrible epidemics of rinderpest.

The systems of cattle-tending differ widely in the wet and dry zones. In the southern wet zone the grazing ground system is the rule. Each village has an area, generally uncultivable, allotted to it for grazing purposes, and in this area the village cattle have to pick up a precarious living. In many cases these areas are in the rains seas of mud, covered with a trampled growth of coarse muddy grasses. They provide the best possible means for spreading infectious disease and the cattle that have to exist on them naturally have an excellent chance of dying from disease, starvation, or exposure. The mortality in such districts is very high and many cultivators regard four years as the working life of an imported beast. It is probable that a premium of 15 per cent. would not cover the risk in this part of the country. In the northern wet zone the area of "jungle" available for grazing is as a rule much larger and there is a certain amount of segregation during grazing. Violent epidemics are unusual except from the unusually infectious disease of rinderpest. These jungles, however, contain a danger from which the southern grazing ground is free and that is wild cattle—bison, deer and pigs from which anthrax and other diseases are undoubtedly communicated to tame cattle. If insurance be ever extended to the northern districts a high rate of premium will be necessary. In the dry zone districts the custom is that draught cattle, which are almost entirely bullocks, are stall fed, while cows and calves are grazed in herds in scrub jungle near the villages. The stall fed draught cattle are carefully fed and housed and seldom suffer from epidemics. The breeding herds are tended with much less care and suffer from scanty fare, bad housing and dirty pens. In a season of draught the cows and calves die in large numbers. Disease also kills them off in quantities. Except in a few very restricted areas cows are

not used by the Burmese for milking purposes and it is somewhat surprising that with the treatment they get they produce such good draught stock.

In view of the above conditions it was obvious that the first experiments in insurance must be restricted to draught cattle, and to such cattle only in selected dry zone districts where the stall feeding and careful tending of such animals was the rule. The Registrar of Co-operative Societies suggested the adoption of a system whereby animals would be valued half-yearly and insured for a half-year at a time, and it was decided to limit the experiment in the first instance to five adjacent districts, *i. e.*, Mandalay, Shwebo, Sagaing, Kyaukse and Meiktila, in all of which such statistics as were available showed that violent epidemics of infectious disease among draught cattle were unusual.

Co-operative cattle insurance was discussed at the Provincial Agricultural and Co-operative Conference held at Mandalay in 1911, after six mutual Co-operative Cattle Insurance Societies had been formed, and it was resolved that insurance was desirable and feasible and that the scheme should be proceeded with. In the period between July 1911 and June 1912 seventeen, and in the year 1912-1913 thirty-six societies were formed. It then became evident that in the early years, to render certain payment of part at any rate of the indemnity, re-insurance was essential. It also appeared that insurance would not become really popular unless deaths from rinderpest were covered.

The whole subject was again discussed at the Agricultural and Co-operative Conference held at Mandalay in August 1913: and in a meeting which over 300 chairmen of agricultural credit societies attended, it was then resolved that the premium rate should be raised from 3⅛ per cent. to 5 per cent. per annum, and that rinderpest deaths should be covered; that a central re-insurance society was essential; and that to eliminate the risk of fraud membership of cattle insurance societies should be restricted to persons who are members of Co-operative Credit Societies.

The sanction of the Secretary of State for India to the grant, by way of an interest free loan, to the central re-insurance society of assistance to enable it to meet indemnities in the early years, was received early in 1915. The amount to be drawn in any one year is not to exceed Rs. 25,000 (1) and repayments are to be made from the sixth year onwards from the Central Society's Reserve Fund.

Cattle insurance was again discussed at the Agricultural and Co-operative Conference held at Mandalay in August 1915; and it was resolved that the Central Re-insurance Society should be formed, that in the five districts to which operations were at present to be confined every credit society should form an annexed cattle insurance society, and that for purposes of supervision, a cattle insurance society should be admitted into the union to which the credit society, to which it was annexed, belonged.

The Upper Burma Central Co-operative Cattle Re-insurance Society, Limited, was registered in August 1915. The membership consists of some fifteen honorary members—persons interested in co-operative and agricultural improvement—and of affiliated village cattle insurance societies. It receives half the premia paid to societies by members and insures half the risk undertaken by such societies. Indemnities due are paid by the manager on receipt of a cattle death report giving full details. It is managed by a general meeting, committee and a manager. For the present the Registrar is acting as honorary manager. To safeguard the interests of government, a government representative is a member of the general meeting and has five votes. It has a general fund, consisting of the current year's premium income, and a reserve fund consisting of the net proceeds of past years. The latter fund is banked with the National Bank of India and the general fund is kept in the Upper Burma Central Co-operative Bank. Societies submit to the manager of the central society half-yearly statements showing the names of members and number, descriptions, and value of cattle insured.

The by-laws of the village Mutual Cattle Insurance Societies are based on those used by French Mutual Societies. There are the usual exceptions of deaths from war, theft etc., and societies do not pay indemnities where the sanitary regulations as to contagious disease have been broken. Membership is restricted. Valuations are made half-yearly by three experts appointed yearly by the general meeting. Substitution is permitted if values are equal. The permium rate is 5 per cent. per annum payable half-yearly in March and September. Funds are deposited with the local credit society at call. Deaths have to be vouched for by the experts and the society only pays two-thirds of the value insured. The skin and flesh belong to the society which sells them, if saleable. Hence the owner stands to get two-thirds of the value insured, whether his animal dies of a contagious or non-contagious disease. Societies are managed by a general meeting and a committee.

Pending the formation of the central reinsurance society, the formation of village societies was restricted, and in the period July 1914 to June 1915 only seven such societies were registered. In the year July 1915 to June 1916, 247 societies have been registered and a further considerable increase is expected in the coming year. Of the 305 village societies in existence on 30 June 1916 about a hundred had not yet become affiliated to the central society. The bulk of the new societies registered only started business in March or April 1916, and results cannot therefore be appreciated till October next, at the earliest.

Judging by the steady accumulations of funds by those societies which have been working for several years, and in view of the fact that only two-thirds of the value is paid in indemnity, there is ground for believing that the 5 per cent. rate of premium is unnecessarily high and somewhat likely to hinder the progress of insurance. Burma has, however, except in the northern wet zone, enjoyed a remarkable measure of immunity from rinderpest in the last ten years. As it is yet too early to say that this immunity is due to the improvement in veterinary control, and not rather to good fortune and disease cycles, it is perhaps better to err on the safe side in the matter of the premium rate.

Many of the villages in which cattle insurance societies are formed are in tracts only partially served by the Post Office, and there is consequently difficulty both in remitting premia to the central society and in the payment of indemnities. Such difficulties of course check expansion but they will decrease with time.

In three areas during the year ending 30 June 1916 epidemic disease—anthrax—appeared and accounted for mortailty above the average.

There is every indication that the adoption of co-operative cattle insurance in these five districts where co-operative credit is already well established will promote better protection of cattle against disease, better relations with the Veterinary Department, and a decrease in mortality.

The statements given below show results to 30 June 1916. It has not been necessary to draw upon the government guarantee loan.

Cattle are at present often undervalued: they average about Rs. 30 per head whereas a truer average would be Rs. 40. The proceeds of skin and flesh have exceeded expectations.

The societies are audited, along with the agricultural credit societies to which they are annexed, by the staffs of society paid and government auditors, supervision being done by the inspectors maintained by unions of credit societies.

It is yet early to gauge results or to prophesy, but it may be said that the principles of insurance appeal to the Burman and that in the districts where a commencement has been made the co-operative idea has taken firm hold. Thus in the Kyaukse district there is one agricultural co-operative society (credit) for every 4050 acres of cultivated land, while, in addition to co-operative credit, considerable progress with co-operative production and sale has been made in the districts of Mandalay, Sagaing and Shwebo. If the high premium rate do not act as a deterrent, and if minor dufficulties connected with remittance can be eliminated, there is no reason apparent why co-operative insurance of cattle should not become firmly and widely established.

I.—*Operations of Cattle Insurances Societies in Burma.*

On 30 June 1916.		Amount of risk insured on 30-6-16.	Premia collected during the year.	Number of Animals.		Claims paid during year.	Cost of management during year.	Funds at end of year.	Amount of risk re-insured	Amount of premia for re-insurance.
Societies.	Members.			Insured on 30-6-16.	Lost during year.					
		Rs.	Rs.			Rs.	Rs.	Rs.	Rs.	Rs.
305	5,045	287,051	9,787	7,929	75	685	219	10,671	118,050	4,022

II.—*Operations of the Upper Burma Central Cattle Insurance Society.*

No. of affiliated societies.	Proportion of risk affiliated societies reinsured	Amount of risk reinsured.	Premia collected during year to 30 6-16.	Number of animals covered by affiliated societies.		Claims paid to affiliated societies.	Cost of management.	Funds in hand at end of year 30-6-1916.	
				Insured.	Lost.			General Fund.	Reserve Fund
		Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
305	½	118,150	4,022	6,209	37	247	148	2,118	1,513

APPENDIX.

THE MADRAS CENTRAL URBAN BANK, LD.

EXTRAORDINARY MEETING.

I.

(From the "New India.")

An extraordinary meeting of the Madras Central Urban Bank was convened on the 12th August last at the Bank Offices to consider the proposal of the formation of a Provincial Bank as put forward by Mr. Shiva Row and secondly to consider the proposal of the Board of Directors to offer a voluntary contribution of Rs. 600 towards the expenses of the establishment of the Registrar of the Co-operative Societies for the purposes of audit of the Bank.

The Registrar of the Co-operative Societies took the opportunity of placing before the shareholders his views on Mr. Shiva Row's proposals.

Mr. L. D. Swamikannu Pillay's Speech.

Gentlemen:—The Imperial Committee on Co-operation which visited all parts of India in the cold weather of 1913-14 recommended that a Provincial Bank should be organised for the whole of the Madras Presidency. Long before the advent of the Committee on Co-operation, my predecessor, Mr. Diwan Bahadur Ramachandra Rao, made to the Board of Revenue a proposal for the formation of a Federal Bank which should deal with the surpluses of other Central Banks and should come to the assistance, when required, of other Central Banks. Apart from the objection that this Bank was to operate on large sums of money without a definite capital of guarantee of its own, which would be a fatal objection now, and that the representation of other Central Banks on the management of a Federal Bank was shadowy and not substantial, the scheme lay dormant and no one was very enthusiastic about a Federal Bank at the time, because, as was remarked to me then by one who was entitled to speak with some authority in the matter, it seemed likely that the Federal Bank might prove a one-sided arrangement, in which the Madras Central Urban Bank would have to advance all the loans as well as to find all the surplus for advancing such loans with At present, however, the question cannot be viewed in that light. There are at least three Central Banks in the Presidency which have surpluses on hand, which do lend such surpluses when they can find a Bank to take them and which, when they cannot find an outlet for the surplus, are in a real difficulty from plethora of funds. Of course every Central Bank occasionally wants to borrow money for shorter or longer periods even when it has an overdraft with the Bank of Madras.

That we must have some kind of a central balancing institution goes, therefore, without saying; but the question is, what kind of society should this central institution be? The Committee on Co-operation divided all Central Banks into three classes,—those composed of individuals only, and those composed of societies only being placed at either end, while those composed of a mixture or assortment of individual shareholders and society shareholders, the latter being in a majority, were, according to the Committee, the golden mean to be aimed at. These principles the Committee proceeded to apply to the case of a Provincial Bank and they said that societies should not only be shareholders in the Provincial Bank, but that they should ultimately have a preponderating voice in its management. Subject to these stipulations, they recommended that the Madras Central Urban Bank might be converted into a Provincial Bank.

Some months ago I put the stipulation before your Directors and they told me—it does not matter what they told me when they met me in person, but they informed me in their recorded resolution, that they would be prepared to recommend to their shareholders the admission of societies as shareholders in the ordinary way, that is, by the purchase of shares in the open market, but nothing more. I communicated this resolution to those societies and co-operators who had been pressing me to form a Provincial Bank; and at once a movement was set on foot among them for forming a Provincial Bank with a majority of society-shareholders and a minority of individual shareholders; and the societies are taking up this scheme in earnest. An invitation sent by Mr. Shiva Row of Puttur, one of the Co-operators responsible for the scheme, to the Madras Central Urban Bank to take shares in the new Provincial Bank, has been the immediate cause of the present discussion at this extraordinary meeting.

The matter is simple enough if a Bank is to be constituted in the manner proposed in the Societies' scheme, but it will be quite a complicated matter if at this stage you should invite the societies to drop their scheme and adopt the Committee's recommendation in favour of your Bank with or without the conditions imposed by the Committee. I do not know whether you would be prepared to admit societies, and supposing you were prepared to admit them, whether you would be prepared to give them a majority in the Board of Management as well as in the list of shareholders. (I will not take up more time than is necessary to enumerate the points at issue and my recommendations, with possible objections and my answers thereto. I would advise you strongly if you wish your Bank to continue to do the good work it has hitherto done to concede these two points, viz., admission of Societies and a majority vote for society representatives. But whether you are prepared to grant any privileges to the Societies or not, I am come here to make clear to you, as far I can make it clear, the present situation, that the constitution of your Bank cannot for long continue to be what it has hitherto been. Not only are societies knocking loudly for admission into all manner of Central Banks and Unions, but a change of practice in this direction has become indispensable for the proper expansion and the due extension of the Co-operative movement. To be blind to this indication of the times is indeed Co-operative blindness. Looking at the question in the abstract, I would ask any of you and all of you to consider whether taking into account the present large number of societies, including as they do on their roll of membership some of the most intelligent men in the Presidency, it is possible to defer any longer the admission of societies into Central Banks as shareholders. It is no use arguing that the Central Banks originally constituted were not designed to admit societies on the same footing as individual capitalists. At the beginning of the movement nobody knew what it was going to develop into and every constitution of every Bank, in fact, every step taken by the movement was necessarily tentative. The first Central Banks were designed to serve a few dozens of societies, and every body should be very thankful to the Banks which nursed the movement in its infancy.

It seems to me that those Banks should be the first to rejoice that their children have grown old enough and strong enough to be able to assert their rights even against their parents and to make the demands that they are making for a share in the management of the household. I go a step further. I could understand in some measure the Madras Central Urban Bank hesitating to admit societies as shareholders. Seeing that it does business over so large an area as ten districts or more, we may possibly with some reason doubt the competence of rural societies to adequately grasp or fully discharge the extensive financial responsibility involved in the undertaking called the Madras Central Urban Bank. But I cannot understand the position of any Central Bank which operates in a single district or in two neighbouring districts almost: and which arrogates to itself autocratic authority over borrowing societies because they are societies of borrowers. If autocracy is intolerable in politics, it is an abomination in the Co-operative world. I am glad, therefore, that most Central Banks, including some that were originally registered as capitalists' banks, have altered their constitution so as to admit societies as shareholders. I hope, gentlemen, that you also, if you wish to be a Provincial Bank, will not resist the reasonable claims of the movement on the mere ground that the claims are now. An *old* claim would be a *right*, not a *claim*.

I am afraid I cannot keep you very long, for you really want time to discuss these important matters and I would much rather listen to anything you may have to tell me and so help the discussion than go on talking about very debatable and very much debated questions. I really do not yet know whether you are for accepting Mr. Shiva Row's invitation in a form modified so as to suit your own and the societies' interests, or whether you are utterly against having anything to do with that business. Supposing you are inclined to consider it at all, you would probably like to know how far the value of your shares and the rate of dividend you have been accustomed to draw would be guaranteed by societies. I may answer that the value of your shares will probably be affected by other circumstances and considerations far more than by your acceptance of the societies' scheme. The action of Government in limiting your dividend to 9 per cent. will probably be the chief factor affecting the market value of your shares. I am not an apologist for the action of Government, but I may observe that the legislature, in giving them the power which they have used on the present occasion, has also provided, in mitigation of the loss that may thereby be caused to shareholders that no individual should hold shares in a society beyond a certain limit: that provision limits the loss as well as the gain. The intention throughout was that shareholders should be many, and that the shares held by each should be of moderate amount, so that the loss caused by inevitable fluctuations in the constitution of societies might in any case be mitigated.

As regards the rate of dividend, I do not think that even if you admit a large number of societies—even if you admit a thousand societies at once—your dividend for a long time to come is likely to fall below 9 per cent. The case was not different in the case of your very prosperous Bank, even when Government insisted on a 50 per cent. reserve: it certainly is not different now that they have decided not to insist on a 50 per cent. reserve. On the subject of guarantees generally, this much has to be said, that your position as a Provincial Bank on the Committee's conditions will certainly not be worse than it would be if you held aloof from the societies' scheme and if you went on as long as you could as the Madras Central Urban Bank and

II.

(This report is taken from the "Madras Mail.")

Sir V. C. DESIKACHARIAR explained to the shareholders the object for which the Bank was started, and said that he was surprised to see the astounding proposals made by the Registrar that new shares should be floated and alloted to the Societies at par, while the existing shares were selling at a premium of 60 to 70 per cent. He warned the shareholders against the danger of admitting Societies without equal pecuniary responsibilities as members, with equal votes. Such a policy, if adopted, would be against all principles of sound banking, and would spell disaster to this Bank. He was also of opinion that under no circumstances could the interests of the lender and borrower be identical, unless they had equal pecuniary responsibilities in the concern and to give the borrower the upper hand in the management of the Bank as against the lender, would ruin it.

The Chairman in the course of his speech said:—

This meeting has been called to consider two important subjects, which the Board of Management thought were so important that the views of the shareholders should first be ascertained before they took any action. The first is a contribution of Rs. 600—what the Registrar is pleased to call a voluntary contribution—for audit purposes. Some of you might be aware that the question of levying a fee for audit of the accounts of Co-operative Societies has been under discussion. Several conferences which assembled in this Presidency were all against it. At a Conference of all the Registrars, the Registrar of this Presidency was in the minority of one in favour of levying such a fee. In spite of this fact, he has been off and on trying to impose on the Board of Revenue, and on the Local Government, his view and induce them to adopt it. Meanwhile, the report of the Imperial Committee on Co-operation was published; and in that report, the Committee stated as their opinion that the Central Societies should pay for their audit. The report has neither been accepted by the Government of India nor have any final orders been passed on it. The Registrar has however issued a circular in which he again refers to what the Imperial Committee say in their report. This circular wound up with the advice to all the town Banks that they should offer to pay for the primary audit rather than wait until Government used their statutory powers to recovery the cost of audit from them. In reply to this circular, the Registrar was asked to make definite proposals as to what this Bank should do. The Registrar then called upon us to pay a sum of Rs. 600 for entertaining three clerks, to assist the officer to be deputed to audit our accounts. The Board of Management replied that they would rather get the audit done by a public accountant recognised by Government, and mentioned the name of Rao Bahadur A. Krishnaswamy Rao. The Registrar accepted the proposal subject to certain conditions, but the Directors were not able to secure the services of Rao Bahadur A. Krishnaswamy Rao, and as there was only a month for the completion of the year, and the Board of Management being unwilling to pay Rs. 600 for Registrar's clerks without sufficient authority they passed the following Resolution and submitted it to the Registrar on the 6th June:—

"Resolved to address the Local Government through the Registrar offering to pay any reasonable sum not exceeding Rs. 600 for the audit of the accounts of this Bank for the year ending with the 30th June, 1916, as

it is now found to be too late to call for a general meeting of the shareholders in order to appoint an outside auditor; and to request the Registrar to accept the Bank's assurance for payment for this year's audit, subject to the orders of the Government and to make the usual arrangement for the audit."

The Registrar was again requested to appoint one of his Deputy Collectors, as usual, renewing our promise to pay the amount which the Government might fix, but wrote back to say that he had no wish to force any auditor on this Bank. He took strong objection to our addressing the Government and stated that he asked for Rs. 600 as a voluntary contribution that unless Rs. 600 be paid there would be delay in the audit. We in our reply pointed out that levy of voluntary contributions was objectionable and liable to abuse; and that the Bank was ready to pay any sum the Government may by rule fix for audit. In his reply the Registrar said that it was undignified on our part to refuse to make a voluntary contribution of so small a sum as Rs. 600, that he was not bound to complete the audit before any particular date, though by S. 17 (1) of the Co-operative Act, he was requested to audit or cause to be audited the accounts of every Society once at least every year, and that unless Rs. 600 were paid unconditionally, the audit of this Bank would be considerably delayed this year.

That the Board of Management could not make a large contribution as remuneration to the Registrar's clerks without the sanction of the general body of shareholders or without the authority of Government, must be apparent to all. You have the whole matter before you. It is for you to say whether voluntary contributions of several hundreds of rupees are to be employed on audit work. While the Government have not yet decided to charge audit fees, it is inconceivable how the Registrar can demand it under the name of voluntary contribution.

Next comes the question which relates to the conversion of this Bank into a Provincial or Apex Bank. The Registrar made the following proposals:—

(1) In consideration of the reserve fund of all the Societies in the Presidency being invested in this Bank, this Bank should give to the Societies at once, at least, an equality of votes with individual shareholders.

(2) This Bank should allot a sufficient number of shares to Societies and should throw open a sufficient number of seats on the Board of Management to the representatives of the Banking Unions and Supervising Unions.

The Board of Management pointed out the difficulties of carrying out the suggestions of the Registrar and his advisers and concluded as follows:—

(1) that the Board are quite ready to request their shareholders to amend the bye-laws in order to permit the societies to become shareholders on the same terms as individuals:

(2) while this is done there would be equal opportunities for societies to buy up shares gradually so that at no distant date they may secure a majority of votes.

(3) So far as the constitution of the Directorate is concerned it is in the hands of the general body of shareholders for the time being. Altering

the constitution of the Bank was neither feasible nor expedient as it would, while benefiting one class of shareholders who generally will be borrowers with no substantial stake or risk, injure seriously the other class of shareholders who in addition to their fully paid-up shares have deposited large amounts which very nearly come up to one-half of the total deposits of the Bank.

(4) When Societies become owners of a majority of shares they can exclude the individual shareholders from the management.

(5) Before the Societies are admitted as shareholders they must conform to the conditions prescribed by the Imperial Committee on Co-operation.

The Registrar has informed us that the Societies were not willing to become shareholders of this Bank except to the condition that they should have shares at their face value. Subsequently, we learnt that Mr. Shiva Row, Pleader at Puttur, in the South Canara District, was one of those consulted by the Registrar. We also received a letter from Mr. Shiva Row, about the middle of last month, enclosing a printed copy with a set of bye-laws drafted by him and other organisers for the formation of a Provincial Bank for this Presidency with its headquarters at Madras. This communication says that unless this Bank adopts his bye-laws, or at least the essential portions thereof, a new Bank will be started. At the same time he is good enough to give us the alternative of becoming a shareholder in his Bank.

If the scheme of Mr. Shiva Row be adopted the individual shareholders will always be in a hopeless minority both in the Board of Management and the general body.

The Hon'ble Mr. T. Rangachariar then proposed that as a special case this year a voluntary contribution of Rs. 600 be sanctioned, and Mr. R. V. Lakshmiratan seconded the proposition.

Sir V. C. Desikachariar spoke against the motion and called upon the shareholders not to vote for it, as the matter must once for all be decided by the Government. He said he was always in favour of Government in charging a fee for the audit of this Bank's accounts.

Dewan Bahadur R. Ramachandra Rao proposed an amendment to the following effect :—

"That a sum of Rs. 500 be allotted towards auditing last year's accounts and that the first refusal be given to the Registrar of Co-operative Societies, with a time limit, and if this be not accepted, then to offer the audit of the accounts to a public and licensed Auditor."

The amendment was duly seconded and was accepted by the proposer, but when put to the vote it was lost by a majority, only six voting for the amended proposition.

On the next subject on the agenda the Hon'ble Mr. T. Rangachariar proposed that " It is wholly inadvisable to convert this Bank into a Provincial or Apex Bank on the lines suggested either by the Registrar or by Mr. Shiva Row of Puttur. " He said if either suggestions be accepted it would be practically committing suicide.

The proposition being seconded by Mr. C. P. Ramaswamy Iyer and supported by Mr. Madhihussen, was carried unanimously.

THE PROVINCIAL BANK CONTROVERSY.

I.

The controversy about the formation of a Provincial Apex Co-operative Bank which was going on for sometime in the papers and especially the *Hindu*, received a fresh stimulus from the last general meeting of the Madras Central Urban Bank and the publication of Dewan Bahadur R. Ramachandra Rao's views on the subject. It has drawn many of our prominent co-operators into its vortex. We have reproduced below some of their communications from the *Hindu*.

THE following is the full text of a speech intended by Dewan Bahadur R. Ramachandra Rao to be delivered at the last meeting of the Madras Central Urban Bank :

Regarding the recent controversy that has been going on in the Newspapers about the formation of a Provincial Apex Bank, I am stating a few of my views and in stating the same I am not speaking in my capacity as a share-holder of the Madras Central Urban Bank, Ld., though that accident gives me a right to be present here on this occasion. I am one of those who believe and have asserted the same on several occasions that the moment the interests of the share-holders clash with the movement of co-operation then the Bank should go. The agenda of this Extraordinary General Meeting of the Madras Central Urban Bank, Ld., showed a subject of serious moment. I find newspaper correspondents writing in uttter ignorance of the situation. I venture to think that it might be of use if I dilate upon the genesis and the past history of the Madras Central Urban Bank, Ltd., and its relation to the co-operative movement. My remarks are entirely based upon my past knowledge of the co-operative movement in the Presidency and the credence that is attached to them depends upon the value to be attached to my judgment and work in the past. When Co-operative Societies were first formed in the Presidency, one great difficulty was to obtain money to finance them. The Government had sanctioned a small grant and the disbursement from it was made conditional on initial deposits. The policy itself was unworkable and wanting in self-reliance. Then it struck Mr. (now Dewan Bahadur) P. Rajagopalachariar to whom the co-operative movement in the Presidency owes a debt the magnitude of which is being revealed more and more as time goes on, to initiate a private bank. The Bank was registered under the Co-operative Societies Act simply to save labour and probably to enable the Registrar to dictate general lines of working. The Bank slowly developed. I had to toil for deposits so also Sir V. C. Desikachariar, its first Secretary. But in course of the time the security of its business was appreciated by the public, and the Bank after several years was able to finance the Societies as promptly as the Department could organise them. At successive Conferences of the Registrar, I was able to assure the other Provinces that money for Madras Co-operation could be secured from the public and no Government aid was necessary.

The causes of this success have to be analysed. They are: 1. Appreciation of the soundness of the movement. 2. Personal enthusiasm of specific individuals. 3. Co-operation of the Registrar with the bank in regulating organisation with the progress of the Bank; and 4. Chiefly the business-like procedure of the management. Remember capital is shy and once you interfere with any of these essentials, the inflow will be stopped and cannot be revived.

The first broad question to ask is, if Societies were share-holders will the deposits come in so freely? Societies are impersonal. They will send the delegates, inspired prophets, zealous co-operators for whom I have very great esteem. But none of them are businesslike; the very fact that they are co-operators and slacken on occasions on account of sympathy unfits them for business management. Further being delegates, their personal enthusiasm cannot be great. And most of all the financial stake and reputation of the co-operative heroes in the Presidency is not such as to bring money rolling in. If I have succeeded in any part in my work, it is chiefly due to having kept finance and co-operation apart. Finance is business, Co-operation is a religion. Keep them apart; they will never mix. As far as I can make out, the reasons advanced for admitting Societies as share-holders are as follows: 1. That the Madras Central Urban Bank, Ltd., owes its profits to the primary Societies. 2. That the management will improve by the association of Societies as share-holders. 3. Some nebulous ideas about co-operation require the step.

Now none of these grounds are tenable. The Bank because it is registered under the Co-operative Societies Act is bound to lend at 7½ per cent. even when in the outside market money can command 8 to 13 per cent. interest. Far from this Bank being helped by the Primary Societies in the accumulation of profits they limit them. This limitation is not generally understood. On the other hand if it be contended that the borrower societies should share in the profit I ask why that proposition was not put forward when the Indian Bank used to lend money. Time enough to think of this method when money banks begin to grant rebates to borrowers. Next it is said that the management will improve. To begin with, the share-holders will become divided in two camps with irreconcilable interests. Societies are borrowers and their delegates will vote solid for reduction of its interest. And as I have said above the existence of impersonal delegates tends to decline the prestige of the bank. The chief argument advanced is that the Central Bank is a Co-operative Bank and like the Triplicane Stores, for instance, ought to give a bonus to its borrowers. The effective answer to this is that the Madras Central Urban Bank, Ltd., is not a co-operative bank, and I suppose I ought to know it having had so much to do with it from its initiation. Its function is to attract capital. The only test is, has it fulfilled this? All other questions are irrelevant. There is another aspect of the question. What will be the real effect of admitting societies as share-holders? Ultimately the arithmetical significance is the getting of the working capital a little at less than 7½ per cent. Who gets this? The few members of the few societies started hitherto. We have not reached yet even one-hundredth per cent. of the raiyat and agricultural population of the Presidency. I ask the Department to consider, what is the important thing to do. To monopolise the diversion of its energies so as ultimately gain a reduction of ¼ per cent. to the benefit of a microscopic fraction of the people or to take advantage of approved methods of success and try to utilise the capital so obtained to the benefit of 9999/10000 of the people. In the clamour of adulation over the progress achieved, people are apt to forget that barely the fringe of the debt problem of the country has been touched. Further even as a co-operative argument I fail to see how a management in which only a few of the present societies can take share can be characterised co-operative in respect of the numerous present and future societies not admitted as share-holders. Remember also a share is money and the proposal naturally negatives poor societies; and it is elementary

knowlege that it is such groups that specially require the attention of practice of co-operation. I have seen it stated that the Central Bank is adverse to the interest of the societies. Is it so? If societies can get money at 7½ per cent. elsewhere, they need not borrow from the Central Bank. That they borrow here shows that it is advantageous to do so. If giving money at 7½ per cent. when it can get more and the poor societies cannot get money at less is to act disadvantageously then the Central Urban Bank is guilty. Nay, during my regime as Registrar I have invariably found the Directors go out of the way to help me. For instance—witness the rebates of 15 and 30 per cent. of their gross income granted to the Unions and District Banks. I have seen it also asserted that the profits of the Central Banks are chiefly due to the Government concessions. Even if it be so, then it is an argument to give a grant-in-aid to the Government and not to the societies. The concessions given by the Government are: (1) Freedom from income-tax (2) exemption from stamp duty, (3) free audit, (4) granting of Remittance Transfer Receipts. The last is practically useless, as most of the societies are situated away from the District Headquarters. I am told that the concession of free audit is to be cancelled. The concession of freedom from income-tax and stamp duty are real. But against this, there is the obligation that the Bank cannot lend at any rate of interest more then 7½ per cent. Arithmetically valued the Central Bank will be found to lose more than it gains by having these concessions. If the Central Bank converts itself into a Company under the Indian Companies Act, its profit will be higher than what they are. If I am asked then, is the Central Bank to remain and discharge its only one function, *viz.*, that of attracting the money: how to build the superstructure of co-operation. Well, that is another question. Whenever a co-operative organisation is to be successful the management must be local so as to command local knowledge. Let the societies form local unions among themselves. When the societies and unions multiply sufficiently in a local area, say, a district so as to command resources of such magnitude that if pooled will enable a District Federal Bank to go on, let such a bank be started. And when sufficient Federal Banks are established, let a Federal Provincial Bank be started. Build from below above. The admission of one society from Malabar, one from Trichinopoly and another from Ganjam as shareholders will not make this Bank co-operative. Co-operation is not so easy. Considerable spade work has yet to be done. I see it announced in the newspapers that a New Provincial Bank is contemplated. I have my own doubts about its success. Its inception is opposed to the hitherto proved successful methods tried in the Presidency. But the Registrar is the one best able judge about that Bank. If he thinks it will succeed he is welcome to open it. There is plenty of room for this Bank, that Bank and a hundred other Banks to work shoulder to shoulder in the Presidency. Only let not the new Bank swallow up the Central Bank. Let each work its own way. A far-seeing Registrar would probably keep both the Banks going on, for, in case the New Bank is not successful, this old Bank may keep the Co-operative movement progressing not being involved in the failure of the New Bank. My interests are twofold, as a shareholder and as an officer at one time who had the good fortune to build up this grand co-operative movement. My interest in the latter capacity overshadows completely that of my interests as a shareholder. So I have all long confined myself to speak as an (officer in the past) of the Co-operative Department. It is in the interests of the movement itself I base my views. One method has been tried and found successful, keep it on. There is no object in trying other methods. But do not mix them up with the old methods; there is a danger of the latter failing and the Department itself will suffer. After having striven so long and built up an edifice of work it will be a matter of regret to me to see it decline, and hence it is I have spoken this. I trust I have convinced you that the present proposal is really not justifiable even from a theoretically co-operative standpoint and further is not conducive towards the easy flow of money so essential to keep the movement going on. Saturated as I am with the Theory and Practice of Co-operation I can view the question only in one way and I am sure the genuine co-operators in the Presidency several of whom are my friends will realise the position. One more word and I have done. The Imperial Committee on Co-operation refers to the necessity of an Apex Bank. So far as this Apex is necessary for the purpose of management, I have already stated that this had better be built from below. Even if an attempt is made to build from above, from the roof downwards it is impossible to convert a shareholder's Bank like this, into a Board of Management for all the societies in the Presidency. Any such attempt will not achieve its purpose and will only wreck its financial prestige. The Report itself speaks of an Apex Bank for District Central Banks and not for Primary Societies. On the other hand if the object of the Apex Bank is to equalise the surpluses and deficits of the several District Banks this object can be secured by establishing a clearing house and working it on business lines.

II

BY PROFESSOR T. S. SUBRAMANIA AIYAR of the Presidency College.

The proceedings of the last meeting of the Madras Central Urban Bank have roused the attentive interest of all those that have been carefully watching the spread of the co-operative ideal in this part of the country. In the eyes of the layman the controversy between the co-operative societies on the one side and the Central Bank on the other may appear futile And it may be doubetd if the advance of co-operation has reached such a stage in Madras as to warrant the formation of provincial organisation for the need of the societies in general. But there is certainly more in this controversy than appears at the surface and its issues will determine the lines on which the future progress of the movement can be ensured. That the Madras Central Urban Bank has done and is doing yeoman service to co-operation in Madras can hardly be doubted by any one and much less by the friends of the movement. And it may be said that the phenomenal progress in the number of the co-operative societies in Madras has been mostly, if not entirely due, to this monumental legacy of its first Registrar of Co-operative Societies. For soon after the Co-operative Credit Societies. Act was passed in 1904, when the Registrars of Co-operative Societies had to show a splendid record of work and progress, the one great problem that presented itself to them for solution was that of subsidising the infant societies. So the first Registrar of Co-operative Societies in Madras, a gentleman of no mean sagacity, conceived the happy idea of bringing into existence an organisation of rich helpers to subsidise the infant societies under his care. During the last ten years, the growing prosperity of the Central Urban Bank has been commensurate with the advancing popularity of co-operative societies that are its chief customers. And the very success of the Central Bank has stimulated the formation of District Banks in the interests of the borrowing societies. So at this stage it is but natural for many to think that the continuance of the central financing organisation on the present basis is

a necessary condition of the very existence of co-operative societies in the future. And we can also easily realise the feelings of well intentioned gentlemen of the type of Sir V. C. Desikachariar and Dewan Bahadur K. Krishnaswami Rao who have been contemplating the idea of the participation of the societies themselves in the management of the central organisation. That it has been very helpful to societies is a fact. And that the interests of the co-operative societies will be served much better by the admission of societies as members of the central organisation is a matter of opinion. And as between a fact and an opinion, it is no wonder that the wisdom of tried experience clings to the former and fights shy of a move onwards. Now this question of the participation of societies in the management of the central financing organisation can be viewed from two standpoints, namely, those of the individual shareholder and the societies that benefit by it. The case for the former has been very well put by Dewan Bahadur K. Krishnaswami Rao and Dewan Bahadur R. Ramachandra Rao, whose chief contention has been that societies being mostly borrowers, cannot in all matters see eye to eye with the rich individuals whose deposits and shares make up the capital of the central organisation. This is exactly the situation that the friends of the movement would wish to avoid. This conflict of interest has been tacitly assumed by our friends as a powerful argument against the formation of mixed financing institutions. So it is but meet at this stage to consider whether this conflict can be averted by any other means but the participation of the borrowing societies in the central organisation. As at present constituted the central financing institution is but a joint-stock capitalist concern whose operations and business methods have to be regulated by the rules of Government. And if left to themselves the members of the Central Urban Bank would run their concern on strict business lines unhampered by any co-operative bias and their interest on loans would be determined entirely by the available demand for money. But now to continue under the protection of the Co-operative Societies Act, they have, as our friend says, to be loyal to the state regulation So it is not too much to say that loyalty in this instance is not a matter of choice but of obligation.

Consequently it is but legitimate that Mr. Krishnasawmi Rao should apprehend a clamour for the lowering of interest when once the societies are admitted as the members of the central financing concern. That will be the first move made by the societies and a perfectly legitimate move. For if it is really a fact that the Central Bank has been created for the advancement of co-operative credit, and not for the earning of rich dividends for its shareholders, then there can be nothing unnatural in a progressive effort on the part of the societies to bring down the interest on loans. Most of our societies are for the promotion of agricultural credit. And low interest, long-period loans, instalmental repayments, and frequent renewal of liabilities are the very essential features of agricultural credit while on the other hand high interest, short period loans, heavy payments and repayments, rapid turn over and moveable on fluid securities characterise industrial and trade credit. The case for the Central Urban Bank cannot be better presented than in the able but undelivered speech of Dewan Bahadur R. Ramachandra Rao who of all authorities in our midst is most competent to advise the zealous co-operators on the success or otherwise of their mission. He has attempted to warn them off the perilous track in unmistakable language. and according to him the perennial flow of the golden stream cannot be ensured by the association of ardent but unbusiness-like co-operators with

Presidency. If he had continued himself strictly to the business in hand and spoken about the inadvisability of the Madras Central Urban Bank converting itself into a mixed Provincial Bank, he would have done enough to earn the thanks of his fellow Co-operators. But his criticism with respect to the formation of mixed Banks is not only opposed to the experience of the present-day Co-operators, but is at variance with the conclusions arrived at by the Imperial Committee on Co-operation, whose decisions arrived at after an elaborate inquiry and mature consideration cannot be so easily set at naught. The article appears to have been intended more as from a special advocate engaged on behalf of the Madras Central Urban Bank than from one written in the interest of the movement itself. To sacrifice the interests of the movement altogether in his eagerness to support an unco-operative, and I may also say an anti-co-operative Bank, is a thing that co-operators of this Presidency could in the least have expected from one of its earliest votaries. The co-operative public must have been taken by surprise when they read the article. The article clearly shows that he does not appear to be conversant either with the state of the movement at the present day or its growth subsequent to his leaving the department. That the Madras Central Urban Bank was originally organised as a joint-stock concern was due more or less to accident. The Act 10 of 1904 did not provide for societies holding shares in another society. If the present Act had been in force at the time when the Bank was started, surely provision would have been made for societies taking shares in it. The idea of admitting societies as shareholders along with individuals, which appears so distasteful to the shareholders of the Madras Central Urban Bank to-day, is due more to their not having associated themselves with the societies in its earlier stages. Throughout India we have seen societies and individuals holding shares in the same financing institution, and the same is not uncommon in most of the German and Continental Central Banks. We have not heard of any real conflict between the two classes of shareholders and if the conflict does arise, the individual shareholders must certainly back out. I shall trace briefly the history of co-operative development with respect to this aspect of the question and show convincingly that the idea of the formation of a Provincial Bank is not one that emanated either from certain inspired co-operators or from people who were jealous of the successful working of the Madras Central Urban Bank Mr. Ramachandra Rao was strongly opposed to the excessive official control that was being exercised over the co-operative movement, even during the time he was Registrar. Under the original system, with the Madras Central Urban Bank as a financing agency and the primary societies as borrowers, the official control was so intricate and elaborate and the direct connection between the financing agency and the borrowing societies so little that there was not sufficient scope for the growth of a genuine co-operative spirit and a sense of self-reliance either on the part of the financing institution or on the part of the borrowing societies. The societies had to rely on the Registrar for funds, and the Central Bank had again to look to the Registrar for the disposal of its surplus funds. Both of them depend very greately upon the Registrar's interference on either side. Nothing can be more suicidal to the development of the co-operative movement than this artificial system. This weak point in the growth of co operative development in the Madras Presidency, was noticed as early as 1911 before Act 2 of 1912 was passed. The existence of the Madras Central Urban Bank and of its anti-types, the District Banks of Salem, Coimbatore and Trichy, working on the same lines and with

the same spirit, created a great deal of apprehension in the minds of many co-operators at the time. At the Conference that was held at Salem presided over by Sir John Atkinson, the proposal to form a federation of Central Banks met with a strong opposition from the primary societies. They felt that such a combination would deal a death blow to the development of higher forms of co-operation and make the primary societies entirely subservient to the Registrar and the Joint Stock Central Banks; a genuine spirit of co-operation began to manifest itself throughout the co-operative world and the primary societies, wherever they were articulate, began to ask for the creation of banks of their own, rather than depend upon institutions over which they could not possibly have control at any time. As soon as Act 2 of 1912 rendered it possible for the societies to take shares in the central financing institution, it paved the way for the formation of federal banks with individuals also as members. It has to be noted that since the passing of the Act of 1912, no bank of the type of the Madras Central Urban Bank has been started. This clearly shows that a purely joint stock bank has really no place in the co-operative edifice. Mixed banks consisting of individuals and share-holders have become very popular and so far no conflict has arisen between the individuals and share-holders in any of those banks. It is not possible at the present stage of the development of the co-operative movement to get on without individual share-holders and in all cases where the individual share-holders have come forward, they have done so with a genuine desire to help the movement. In the case of the Chingleput District Banking Union it was originally arranged to have societies alone as members, probably on the strength of the suggestion made by Mr. Ramachandra Rao in his paper that was contributed to the Provincial Conference that was held in 1912, but even here they have found the necessity to admit individual share-holders. It is thus to be seen that in the short time that the movement has been in this Presidency neither banks consisting exclusive of share-holders nor banks consisting exclusive of societies are suitable under the present conditions. As the Committee have very rightly observed, the mixed bank consisting of both classes of the members is the one that is most suitable at the present stage of the movement. It is unnecessary for me to dilate any further on this subject. Coming now to the starting of a Provincial Bank Mr. Ramachandra Rao appears to entertain doubts about the success of the new institution. But the present-day co-operators who have worked the mixed banks with remarkable success do not feel so pessimistic about the new Bank. He thinks that its inception is opposed to the hitherto successful methods tried in this Presidency. On the other and, as I have already stated, experience is all the other way, and banks consisting exclusively of individuals have been found unpopular and unacceptable to primary societies: so much so that some banks have since agreed to admit societies also as members. In the case of the banks at Madura, Kumbakonam, Puttur and Masulipatam they have got on as well as the old banks. They have secured not only the capital required for their own needs, but most of them have even got surplus cash balances to help similar enterprises in other areas, and their management is in no way inferior to that of the Madras Central Urban Bank. The relationship between the primary societies and the financing agency in these banks is certainly of a much more agreeable sort than in the case of the Madras Central Urban Bank. The association of the representatives of the rural societies in the management of these banks is often times of most beneficial kind. It has been said that once we admit societies as members, they will ask for the lowering of the interest and reduce the dividend. No such danger has till now arisen and it will not arise once you make the interests of the financing bank and of those of its affiliated societies identical in nature. In the matter of granting loan applications and their extensions, and in the adoption of measures for improving bad societies and for extending the areas for the starting of the new societies, and in assessing the credit of the primary societies, the association of the representatives in the management of the Bank has often times been of a most helpful kind. In the light of the experience already gained with respect to the constitution of mixed banks at district centres, there cannot be the least doubt that a "Provincial Bank started and driven by the existing District Banks and leading town banks supported by the personal enthusiasm of a few individual members at Madras" will be a decided success.

IV

BY MR. C. N. KRISHNASWAMI AYYAR, M.A., L.T., Secretary, Coimbatore District Central Bank :—

The Resolution of the Madras Central Urban Bank at its Extraordinary Meeting, passed as it was "unanimously, that the Bank had better commit *harakari* than bend to altered and altering circumstances, "and the apology got up for it by Mr. R. Ramachandra Rao, Dewan Bahadur, have set most co-operators in the Presidency a-thinking and various views have already been placed before the public. No excuse seems, therefore, needed for placing the following thoughts also for the consideration of those whom it may concern. That the Madras Central Urban Bank should have acted as it has done, is nothing strange to those who have watched its course all along. Those who helped at its birth more than ten years ago, were actuated by some feelings and hopes and fears, which, however, happily do no longer exist. Their one problem then was to find money for Rural Credit Societies. That problem was in due course solved, as hundreds of people have since acknowledged—and solved exceeding well. So far there is no room for controversy. But with the multiplication of societies in different parts of the Presidency, new questions have arisen and it is here that wrangling has had its beginning. A few may be briefly noted:—(1) One central agency was soon found inadequate in several ways and "District Urban Banks" were brought into existence at Trichy, at Salem, at Coimbatore and, in the usual course at several other places. The object still was to find money to be disbursed to rural societies, but within limited areas. (2) The question of supervision, for which the "Sircar" agency was soon found not quite enough, was the next to receive attention. "Local Unions" were then devised for the purpose and made to supplement Departmental Control. (3) Use of the Reserve Fund, was another item giving rise to hot words, chiefly because of the rate of interest allowed on it by the Central Urban Bank, (4) Other questions, touching on share-holding by Primary Societies in Central Banks and participation in their management, both of which have been solved in different ways in different places and are now brought prominently before the public by reason of the proposed Apex Bank. In these circumstances, let us turn to what Mr. Ramachandra Rao writes on behalf of the Madras Central Urban Bank. In the first place, it is proclaimed loudly "that it is not a Co-operative Bank." Who exactly is responsible for calling it "non-co-operative" or "un-co-operative" is not clear, but in the Report for 1909-10, one finds the Central Bank called "unmitigatingly dividend-earning concerns," and "hard, unphilanthropic bodies," and other names. Sir V. C. Desikachariar, the father of the Central Urban Bank has times without number repeated that his Bank was not co-operative, implying on some occasions "that it is superior to co-operation." Now, with due deference to the persons from whom this statement comes, it may be said at once that "since the Bank has agreed to behave co-operatively in one essential, namely, rate of interest on loans issued by it, it is a co-operative concern, whether people like to call it so or no." When the Bank agreed "to oblige" rural societies in one important matter, "it has incurred other obligations as well," in so far as altered circumstances in the case of both parties, may need. Now the outstanding fact with the Urban Bank is that it has succeeded, as a Banking venture, beyond all expectations, and is now flourishing in an 'awful' manner. The causes of its phenomenal success are analysed with ability by Mr. Ramachandra Rao, but one small omission seems to have vitiated the whole case. 'The sleeping partner has been forgotten, that is all!" The Madras Central Bank is what it has now become "because a thousand or more rural societies which are its clients, have on the whole behaved well towards it, and the Department has been doing the running for it." But growth of business, as has been said, brought in new problems and the Bank has, in its own interests, to face them and solve them, "but this is precisely what it has never had the grace to do.' The Bank and its apologists have spoken and written, "as though they were living in a perfected world, where nothing needs mending, "and every word in that behalf spoken or written is impertinence! They have argued for instance that the $7\frac{1}{2}$ per cent. provisionally laid down, must be regarded "Sacrosanct," that the 5 per cent. on Reserve Fund is "Sacrosanct," that the postage borne by clients in certain matters must remain unaltered and the methods of business adopted in other matters by the Bank have also become time-honoured and the profane have no right to examine or criticise them. Is this as it should be? Again, some people have the moral courage to proclaim even at this time of the day that "the Co-operative Act has not and cannot obliterate the innate opposition of borrower and lender!" They do not perhaps imply that "the borrower is still, as he ought to be, servant to the lender," but they seem to believe they can never camp together. The marvel of the times is that some of the best among co-operative workers should keep stating it, and a lot of others should seem to accept it! It is quite true that co-operation in the West was born of the seemingly hopeless strife between capital and labour, but, in credit, as in other matters, "its one mission is and has been to reconcile all clashing of interests and enable all the parties concerned to rejoice together." Considerations of space forbid further comment on this cardinal point, but it may be hoped "that this chaff about diverging interests of the borrower and the lender will not be paraded again." For other money agencies, to take one simple case, may keep thriving, even if a large body of their clients should be ruined. But Co-operative Central Banks (including the Madras Central Urban Bank) "can grow only with the growth of their clients and strengthen with their strength," and, be it carefully noted, "must decay with their decay." Does this mean interest eternally opposed? In his eagerness to justify the methods of the Central Urban Bank it is to be regretted that Mr. Ramachandra Rao has chosen to draw lines where no straight lines are possible. In co-operation, the distinction between 'hard business men whose 'forte' is finance, and 'inspired prophets and zealous co-operators,' does not and cannot exist. For, if the Rowjee had the "giftie" to see himself as "others" saw him as Registrar, "it will not be news to him that he was in those years probably the most inspired of them all and the most zealous of co-operators." And Sir V.C. Desikachariar too—who will dare deny "that he is one of the most zealous of co-operators also"—after his kind. Co-operation has but to touch a man to magnetise him. Hence it is a question of degree, not of kind. And, when, on this assumption of the majority of co-operative leaders being financially blind of both eyes, (which by the way, is hardly doing justice to the fine amount of "sound business" they have built up) Mr. Ramachandra Rao adds that finance is business and co-operation is religion. The attempt to make a division without distinction, seems complete! The truth is that co-operation is finance 'plus' religion—it is business first and sentiment next. Nothing is gained by denying the ethical basis of co-operation. It is a hard fact. The absolutely cold blooded have nothing to do with co-operation. The simple truth is if Mr. Ramachandra Rao had continued in the Department, the Central Urban Bank would most certainly have long ago undergone material alteration in its structure and functions on some lines, if not altogether on the lines now suggested. For, he was growing in ideas every day and continually planning things anew every morning

The "pound of-flesh" arguments now employed have been given up, long, long ago in the pressure for assimilating old things to new environments which an administrator has to face every day. He seems conscious of it himself when he says he bases his observations on his past experience Whether the admission of all primary societies into the Central Urban Bank as shareholders is a wise proposal or no, is yet to be known. Similarly, whether the constitution proposed for the Apex Bank on that line, is going to work well, *time alone can show*. But that is hardly *the reason why the* M. C. U. Bank should take no step to "federate with the other Central Banks and form, to begin with at least, some sort of Zollverein," leading up to a healthy fusion later on. Most District Banks are now forming themselves into Banking Unions, and that ensures for the present the requisite amount of democratic foundation for future use. No one has yet come forward to say that the federation of the M. C. U. Bank, with District Banks allowing them some share of management, is fraught with dangerto its shareholders. But the misery is, the leaders of the M. C. U. Bank, have chosen so far to keep erect and show no sign of treating with the co-operative pariahs outside their sphere! That can hardly be called healthy or hopeful! Those that have agreed to form Banking Unions, feel sure they work on sound lines. They do not fear societies voting solid for reduction of interest, for, on *the one hand, the societies know that, unless they conform* to business, the Bank's trade and therefore their own will soon be gone, while, on the other, if reduction of rate of interest should be proved fair and reasonable, the Directorate will certainly not care to plead, 'it is not in the bond.' The largest amount of the crop of odium which the M. C. U. Bank has realised in recent years, is chiefly due to the indiscriminate use made by of stock argument, 'it is not in the bond.' Suppose, instead, it had remembered, (with a careful eye to its own well-being) that that well-being was identical with the well-being of its clients and that "in their prosperity lay its strength, in their contentment its security, and in their gratitude, its highest reward," what a tower of strength it should have become to co-operation and with what prospects before it! But it still hops up on that mouldered string, opposition external, of borrower and lender! One solid service done by

Mr. Ramachandra Rao, is the pointed attention drawn by him to the fact that we have as yet but barely touched the fringe of rural indebtedness. This seems to need iteration over so many times, because recent moves of the Government seem to imply that they have gone too fast or too far. But, while admitting so far, it is hard to see how success can be hoped for in the long run to a cause which is admittedly religion, by agencies which are purely business, so long as no union is declared possible between them. The situation becomes hopeless, because, if finance prospers beyond expectation, "Oliver Twists" will ask for more, which finance will resent as 'not being in the bond' and the moment their interests cease, finance, according to Mr. Ramachandra Rao, must go! Our humble suggestion is that it need not, but being essentially united to religion, "both may rejoice together and be fruitful and multiply and fill the earth with good fruit !!" It is not expected that the M. C. U. Bank will hearken to reason, so long as it is dominated by the 'bond' theory and continues to have smooth sailing. It required some District Urban Banks 'to be set up' (small compliment to the intelligence or self-respect of its Directorates,) "against it," before it could allow in an additional ½ per cent. out of its abundance on the Reserve Fund lodged with it. It will therefore need much harder trial and tribulation before it learns to distinguish between its friend and foe. Most District Banks have already found that the departmental agency is inadequate to safeguard their interests either in respect of organisation or supervision. Hence they are glad to try Banking Unions controlled by themselves. It is only a question of time for the M. C. U. Bank also to move in the matter and solve the question for itself or if the shareholders unanimously prefer it, commit *harikari*!

V

[A second letter by Professor. T. S. SUBRAMANIA IYER, of the Presidency College].

When sometime back I commented upon the expressed views of Dewan Bahadur K. Krishnasami Rao and Dewan Bahadur R. Ramachandra Rao, I did not expect such a striking unanimity of opinion on the subject from the Secretaries and Directors of Co-operative Societies in different parts of the Presidency. And it is also not a little significant that the very few letters purporting to defend the attitude of the Central Urban Bank belong to the class of pseudonymous communications for which Sir V. C. Desikachariar has expressed such scant regard in the columns of your paper. But personally I have greater interest in the views expressed than in the personalities behind them, especially because none of us looks to a pugilistic solution of the controversy. So I propose to discuss one or two issues to which the controversy has been whittled down. We are reminded by a correspondent who has dubbed himself "A true co-operator", that the principle of co-operation is "consolidation and not competition" and that no two rival central financing concerns are desirable in the best interests of the movement. Certainly, no true co-operator needs to be reminded of this basic principle of the movement. Neither the Registrar of co-operative societies nor the members of co-operative societies have manifested any morbid leaning for competing institutions. They evidently feel the necessity for their own direct participation in the management of the central financing organisation and no one can deny that this is the ultimate goal of the system. And it is only to avert the perils and the evils of competing co-operation that they approached, in all humility, the Central Urban

Bank, with their proposal which has been received with such scant courtesy. So the only course now open to the former is to organise a central financing concern of their own which is bound to be more conducive to their own education, self-reliance and self-respect than any patronising institution can be. Thus it is not the will but necessity drives the societies to federate into a central concern. I have been also credibly informed that the Central Urban Bank is not now against the admission of societies as members, provided they purchase shares at the current rate. But they deem it an astounding business proposition to be asked to increase their shares and sell them at par to the societies. Though it may be possible for the Central Bank to accommodate the Co-operative Societies on other and more equitable conditions, still there is nothing improper and unnatural on their part to ask for preferential treatment at the hands of the former especially because they have contributed so much to its success and prosperity. Now the demand of the societies is tantamount to this, namely, that they should be taken into partnership by the central concern on conditions which are more favourable than those relating to individual shareholders. There is nothing unbusinesslike in this. Are there not banks and industrial organisations built upon 2 or 3 kinds of shares? Moreover, how can the addition of a few shares at par open only to societies affect the price of existing shares allotted to individual share-holders already. The variations of the latter will be determined entirely by the demand for them from individuals and not societies. All such economic niceties can be adjusted if the representatives of the Central Urban Bank and of the co-operative societies go into the matter dispassionately with a view to a final and equitable settlement. The initial move was made by the Registrar and the co-operative societies. And now it rests with the Central Urban Bank to formulate their own scheme of amalgamation to the Co-operative organisations, if they wish to avert the evils of competing Co-operative concerns and to meet the legitimate demands of their customers with the least detriment to their own interests. For the Central Bank should realise that its interests is wound up indissolubly with those of its clientele and that in the prosperity of the latter its strength, in their education its security and in their gratitude its best reward.

VI

[BY THE KUMARA RAJAH OF CHELLAPALLI].

For sometime past the Co-operative world has been greatly agitated by the controversy that has cropped up on the proposal of starting a Provincial Co-operative Bank at Madras. In this controversy two separate interests of the individual shareholders as represented by the Madras Central Urban Bank and that of the Societies as shareholders in the proposed Bank have come to prominence both of which are entitled to respect, having been put forth by persons who are really interested in the spread of the Co-operative movement in this Presidency both at its inception and ever afterwards. For purposes of argument, it is to be conceded that two sorts of interests have had their origin to a certain extent in the love of self-gratification with this difference that the interest of the Madras Urban Bank is chiefly confined to a limited few whereas the other to many. The one looks for turning out decent dividends while helping the Societies financially, whereas the proposed Bank will be only interested in getting such a dividend as is absolutely necessary for its successful working, while financially aiding and controlling the federated Banks and Societies. On the face of it, without much stretch of imagination, it is quite clear that the proposed Bank whose Membership is of a mixed nature composed of individuals and societies as share-holders, is greatly advantageous as against the other institution whose concern is more or less personal. A doubt has been raised as to the successful working of such mixed Banks, by Dewan Bahadur R. Ramachandra Row to whom the movement owes so much for its development at one stage and to whose thoughtful opinion one is bound to show as much respect as it properly deserves. of course, the Dewan Bahadur represents the school which opposes the formation of mixed banks as it is believed by them that the existing Urban Bank started on joint-stock bank lines and composed entirely of individuals would be quite enough to serve the best purposes of rendering as much financial aid as is necessary for the growing societies, and in doing so, he goes so far as to thrust a wedge between finance and co-operation as written in his memorable words, "Finance is business and co-operation is a religion." Had this opinion been expressed by an ordinary co-operator, it might have been passed unnoticed by the general body of co-operators, but coming as it does from one of Mr. Ramachandra Row's expert knowledge and experience it has rightly attracted as much attention as it deserves under the circumstances. To be brief, the ex-Registrar appears to have lost touch with the progress of the movement up to now and to have drawn conclusions from his past experience above or insufficient. He could not have been criticised, had he passed the same remarks in his days when the true principles of co-operation were not properly understood or when the movement was in nebulous state of formation. In those days, the chief consideration for the Department as well as the public was how to find the necessary funds for the nascent primary societies and when this was provided by a Bank like the Madras Urban Bank, there was no thought for further consideration. All credit goes to the Urban Bank for having provided up to now the needful capital to all sorts of Societies and District Banks. But now a new phase of the movement has come on, which is manifested by the growing desire of the rural Societies and Bank to share in the management of the mother institution. This desire or aspiration is not a new feature that is visible for the first time in this Presidency but it is seen in the working of every institution in foreign countries, in Germany, Switzerland and other countries in Europe, this kind of federal union not only in co-operation but also in every kind of concern beginning from States and ending with industrial factories. No more historical proof is necessary to corroborate this fact than the economic development of Germany which is entirely obtained by powers of organization and federation of various industries. Further more such a combination of units into one mighty whole for the purposes of common benefit or control appears also to be the law of nature as is evidenced, by the proposed international confederacy after the conclusion of this dreadful war. Under these circumstances, the argument of conflict of interests and consequent failure, put forward by the adherents of the Madras Central Bank will not hold good.

In starting a mixed Provincial Bank the Co-operators are only carrying into effect the principles enunciated or conclusions arrived at after mature consideration and thought, by Imperial Committee on Co-operation which has clearly expressed that a mixed Apex Bank is of dire necessity in every Province with a view to co-ordinate and control different federated District

Banks, to adjust the surplus balances accruing therein and also to prevent a tendency for an unhappy rival banking among them. For one who has judged the signs of the times there is a clear perception of the feeling of common interests developed in the minds of all true co-operators, who as individual shareholders may be trusted for not interfering with the proper working of the institution in spite of a low percentage of dividends.

VII

[BY A STUDENT OF CO-OPERATION].

All and sundry have written in the papers about the Madras Central Urban Bank and the desirability of its conversion into a Provincial Bank. The President of the Bank and Sir V. C. Desikacharry have spoken at the meeting in unmistakable terms against the proposed change and the majority of the shareholders present have voted against the proposition. The Registrar spoke at length at the meeting in favour of the change and the same opinion has been expressed by *other distinguished Co-operators* who have written to the papers their views. I have carefully followed the discussion in the papers and it seems to me that no case has been made out by the Registrar and his supporters for bringing forward this change in the constitution of the Urban Bank. It also appears to me that personal animosity has been brought to the fine in shaping opinions on both the sides. Now that the Bank is 12 years old, there is no use in questioning as to why it was brought forth in its present form, why it was not given the shape, features and limbs that would please the present Registrar and his supporters; although its present form is still dear to its parents and guardians. More thought must be bestowed by the Registrar before he tries to twist its shape or break it in his attempt to do so. As I have said before no case has been made to bring about this change in its constitution. Has any body stated that in its present form the Bank is not serving the purpose for which it was started? Has it been proved that in the hands of the present Directors, the business of the Bank has been mismanaged? Have they stated that the Bank has been exploiting the primary societies for the sole interests of its shareholders? Has there been tyranny or usury in any of its transactions over the whole of this Presidency? If there be none then why bring about an unnecessary change. The Registrar vaguely states that the movement has progressed and the change is imperative. Has he enumerated the benefits that would result to the Societies from the change? None at all. Has any one, so far, considered the practical difficulties that have to be got over to change the existing constitution of the Bank? In the first place to what extent is the share capital to be increased to admit all the societies as shareholders, granting the present shareholders are willing to let the societies buy shares at par. Has it been considered whether the business of the Bank can permit of fresh shares being floated and still be in a position to declare 9 per cent. dividend on the additional share capital. What ought to be the value of each share that is to be issued. It seems to me that unless the value of each share is brought down to Rs. 5. or Rs. 10 it will not be possible to give a fair chance to all the societies in the Presidency to possess at least one share each. Then there is the trouble to arrange the electorate and all these Societies must elect probably not more than half-a-dozen persons to seats on the directorate of the Bank. What for? To safeguard their interests and rights and further their cause, which have been neglected or sacrificed no body. The election to the directorate would be a huge campaign of canvassing and undesirable rivalry would surely result. There would be a lot of heart-burning and jealousy created. There would be a fight between Andhras and Southerners for directorship and probably, the Christian and Panchama societies would claim preferential treatment. At present there being no representatives of the Societies on the Board, the Directors view all the societies in the same light and have been, it is believed, strictly impartial in their dealings. A large central financing institution which has its transactions over so wide an area should be so. There will be further trouble if the societies' representatives should be frequently made to travel from distant parts to attend the Directors' Meetings. All this trouble would no doubt be worth while if it is assured that something decidedly good is going to result from the change. The rate of interest charged to the Societies is indeed very low compared with the outside money market and the rate at which Provincial Banks in other Presidencies are allowed to lend. As such there may not be (advisedly, I say, may not be) any clamouring for further lowering the rate of interest and there may be very little foundation to fear the clashing of interests between lenders and borrowers. Mr. Ramaswami Aiyar, an earnest Co-operator whose work for the movement has received the approval of the Government, says that "Mixed Banks" have worked successfully in certain Districts. But it has to be remembered that the Urban Bank has its transaction over the whole Presidency and on a much larger scale than any of those "Mixed District Banks." There is sure to be much difficulty in the matter of representation and the backward societies would surely be left out to lag behind. Considering all these details it seems to me that it would be better if the Central Urban Bank is left to itself for the present. The directors have said nothing against a new Provincial Bank being started and if the Registrar and his supporters think it would be a good thing surely there is plenty of scope for another Bank and its activities will be watched eagerly. The promoters of the Urban Bank know what difficulties have to be overcome, in these troublous times and surely they do not want to hand over the management of a successful institution already made with an outstanding asset of over 30 lakhs just because the Registrar and his friends have taken a fancy for a change in its constitution and wish to boss over it. There is an easy way to get over the impasse. Let the Provincial Bank collect large deposits and divert all the customers of the Urban Bank to itself and allow it to die a natural death. But let not anybody strangle it before it has done its duty and thus jeopardise the movement in the whole of this Presidency. I have taken much of your time and space and so bring the article to a close. In spite of the contempt expressed by Sir V. C. Desikacharry for people who, according to him have not the boldness to sign their names underneath what they have written, I still prefer, Dear Editor, to keep my identity between ourselves and subscribe myself as a student of co-operation.

VIII

BY MR. M. ANANTA RAO OF PUTTUR.

I do not know whether I am one of the "genuine Co-operators," "inspired prophets," "Impersonal delegates," and "Co-operative heroes" on whom Diwan Bahadur R. Ramachandra Row has showered alternately the kind of praise and the kind of abuse that we are accustomed to shower on false wearers of the religious garb, by praising them to their face and abusing them the moment we turn our back on them. I do not much mind what I am in his opinion, as I care more for what he has to say about the Provincial Bank scheme. He thinks it is a building built "from the roof downwards," is it? It is passed and founded on Societies, Primary and Central, it aims at pooling their funds, and providing an outlet for surpluses, perhaps, not exactly in the way recommended by him, but surely in the most practical way. It will do all the work that he thinks a Provincial Federal Bank or a Provincial Clearing House ought to be capable of doing. It is not called by either of these names, but it bears the name devised for it by the Committee on Co-operation. Supposing a Provincial Federal Bank were built from below strictly according to Mr. Ramachandara Rao's plans and estimates. I suppose he would recognise the Chingleput District Banking Union, built upon local unions, to be some approach to a District Federal Bank. Does Mr. R. Ramachandra Rao think that the mere pooling of the local resources of any number of local unions in the Chingleput District will enable the District Federal Bank to find without external aid the 13 lakhs of rupees required for such a Bank at present? If more Societies were wanted to make a perfect District Federal Bank more could be added: but as the number of Societies increased beyond a certain limit, more and more poor societies would have to be brought in, and the chances of their pooling enough money to finance themselves would become smaller. That is, as the number of Co-operative Societies in any District increases, the amount of Co-operative Credit required for running the District Federal Bank would increase "pro tanto" and this is, as he says, "elementary knowledge." The mistake made by Mr. R. Ramachandra Rao—and I may be pardoned if I say he is not infallible—is that mere pooling could ever be a substitute for Co-operative finance which, to be complete, must be connected with the outside financial world: and the outside financial world will not help the movement unless the guarantee given by the movement is adequate. Mr. Ramachandra Rao's top Federal Bank or Provincial Clearing House gives no such guarantee and cannot therefore serve as a connecting link between the movement and the outside financial world; it is one of the two or three main functions of a Provincial Bank that it should serve as such a link. But Mr. Ramachandra Rao asks "If Societies were Share-holders, will deposits come in so freely?" Mr. R. Ramachandra Rao's District Federal Bank and Provincial Federal Bank would require large deposits as shown above. If deposits could come in at the bidding of his Federal Banks, they could come in also under the present District Banking Union and Provincial Bank Schemes provided the guarantee given to the outside financial world was adequate; and therefore the District Banking Unions and the Provincial Banks are made to rest upon such guarantees.

Then as regards Mr. Ramachandra Rao's objection to delegates who are "impersonal" and who have no "financial stake and reputation," the answer is that in Mr. Ramachandra Rao's District Federal Bank the delegates would be of the same sort, all delegates all over the world are of the same sort. Does Mr. Ramachandra Rao believe that no delegates can ever be trusted to conduct themselves with the responsibility requisite to give their delegation money status? He is very sceptical about delegates of borrowing Societies because they will "vote solid for reduction of interest." One needs must study present conditions before jumping to such hasty conclusions.

THE MYSORE CO-OPERATIVE CONFERENCE.

Presidential Address.

Presiding at the Mysore Co-operative Conference held this year in the City of Mysore, Mr. J. S. Chakravarthi said in the course of a long address:

The rapid increase in the number of Co-operative Societies and the development—the phenomenal development—of the movement generally during the last ten years have been regarded with some suspicion and apprehension by some of the best friends of the movement. Compared with the progress of the movement in its initial stages in other countries of the world there is indeed something extraordinary in the extreme readiness with which the movement has taken root in India and the almost incredible rate of growth in its initial stages. Thus the monograph on Agricultural Co-operation in British India, published by International Institute of Agriculture at Rome, quotes Mr. H. W. Wolff as saying that the legislation by which co-operation was initiated in that country "has borne fruit in such abundance as has never before been witnessed in the co-operative credit movement." As Your Highness pointed out to this Conference on a previous occasion "in Germany 30 societies represented the fruit of 30 years' effort; in Austria after ten years' effort there were only 15 societies" and in many other European countries the progress at the beginning was equally slow. Considering that no lack of organization or persistent endeavours could have existed in those countries, considering also that the level of education in those countries at the time when the movement was started was much higher than the general level of Education in India twelve years ago, the Indian phenomenon indeed seems to be inexplicable. That the Registrars appointed in all provinces were men of exceptional intelligence and resourcefulness, that they saw the immense possibilities of the movement and threw themselves heart and soul into their work and that the Government of India as also the various provincial Governments have given the question a very important place in their development programme and have given invaluable support and guidance, are undoubted and indisputable facts. But remarkable as they are, they fail to furnish an adequate explanation of this extraordinary feature of the progress of Indian co-operation. The true explanation seems to lie in the mental constitution of the Indian population itself. Co-operative Societies in exact accordance with the complicated circumstances and environments of modern life could not have existed in India in ancient times. It is inconceivable that any economic scheme could be framed which would fit in, in all its details, to the social and administrative conditions of the reigns of Asoka, of Akbar and of George V alike. But I have endeavoured to show that some aspects of the root principle of co-operation, *viz.*, "each for all and all for each," were known in India from time immemorial and were practised on a considerable scale. India seems to have recognised from the earliest times that in combination and co-operation in various fields of life lay safety and strength and the power of enduring and surviving. The Indian joint family system is one aspect of such combination and co-operation; the Indian village community is another. Of these village communities Sir Charles Metcalfe, writing in 1830, observed: "They seem to last where nothing else lasts, dynasty after dynasty tumbles down, revolution succeeds revolution, Hindus, Pathans, Moghuls, Mahrattas, Sikhs, English are all masters in turn; but the village communities remain the same." Another eminent English writer, Sir T. W. Holderness, K. C. S. I, speaks much in the same strain He says, "The Indian village community with its bond of joint responsibility and its curious customs about the common lands and about the distribution of the arable land has been the subject of much learned disquisition. Its strength and power of survival in troublous times have also caused great admiration." It is this phase of Indian character preserved and developed through hundreds and thousands of years that seems to me to be the real cause of the phenomenal success of the co-operative movement in India as soon as it was started on proper lines. As a very significant illustration of this I will mention the readiness with which the principle of unlimited liability has been accepted by the entire rural population.

It will thus be seen that there is a rational and historical explanation of the rapid growth of the co-operative movement in this country, most important principles that underlie the co-operative movement.

(*To be continued*).

APPENDIX

THE SIXTH MYSORE CO-OPERATIVE CONFERENCE.

MR. J. S. CHAKRAVARTHI SPEECH.

Continued from the previous number.

Review of the Present Condition.

I shall now briefly review the present state of the co-operative movement in Mysore in its several branches and aspects and compare it with that in other Provinces and States of India for which statistics are readily available. In a review of this kind there are four important factors to be considered, *viz.*, the number of societies, strength of membership, working capital and disbursements. Taking up first, the progress as regards number of societies, I have arranged the Provinces in order in the annexed statement. It must be understood that the proper test of progress is not the absolute number of societies in any of the Provinces, but the relative number with reference to its area and population.

Provinces.	Area in 1,000 sq. miles.	Population in round lakhs.	Number of Societies per 1,000 sq. miles.	Provinces	Area in 1,000 sq. miles.	Population in round lakhs.	Number of Societies per 1,000 sq. miles.
Ajmer and Merwara	27	5	133·33	Coorg ...	15	175	22·00
Baroda ...	8	20	38·38	Bihar and Orissa ...	83	346	13·10
Punjab ...	100	200	33·37	Madras ...	141	414	11·35
United Provinces ...	112	472	26·45	Burma ...	161	105	9·25
Bengal ...	79	455	25·51	Bombay ...	123	196	6·80
Mysore ...	29	58	25·00	Assam ...	53	67	5·70
Central Provinces ...	99	139	23·20				

Taking up, first of all, the number of societies on the area basis, we find that the little tract of Ajmer-Merwara is far away the first in the list having over 133 societies per thousand square miles or one societiy in about 75 square miles. In other words, if this little Province be mapped out into circles of about 1½ miles radius there will be, on an average, a co-operative society at the centre of each of these circles. The average distance of any point in the Province from a Co-operative Society is, therefore, not more than 1·6 miles. This is really a satisfactory state of development. But none of the larger Provinces or States of India have yet approached this standard. Excluding this little Province, we may divide the Provinces and States of India broadly into two groups. In the first, the number of societies per thousand square miles between 20 and 40 and in the second the number is between 5 and 15. Baroda and the Punjab come at the top of the first group while Bombay and Assam bring up the rear of the second.

But after all, even as regards the number of societies, comparison on the population basis is better and gives a more correct idea of development of the movement than comparison on the area basis. The subjoined statement effects this comparison and arranges the Provinces in the order in which they stand according to this test.

Provinces.	Number of Societies.		Provinces.	Number of Societies.	
	Absolute	Per 1,00,000 of population.		Absolute	Per 1,00,000 of population.
Ajmer and Merwara ...	360	72·00	United Provinces ...	2,962	6·28
Coorg ...	33	18·86	Assam ...	302	4·51
Punjab ...	3,387	16·69	Bengal ...	1,992	4·88
Central Provinces ...	2,297	16·53	Bombay ...	836	4·27
Baroda ...	307	15·35	Madras ...	1,600	3·86
Burma ...	1,489	14·18	Bihar and Orissa ...	1,087	3·15
Mysore ...	725	12·50			

Here too the Province of Ajmer-Merwara heads the list. The Punjab, the Central Provinces, Coorg, Baroda, Burma and Mysore come in the first class in which the number of Co-operative Societies per lakh of population varies from 12 to 19. The three Presidencies of Bengal, Bombay and Madras and the important and populous Provinces of the United Provinces and Bihar and Orissa as well as the Province of Assam come in the second group in this respect. The number of Co-operative Societies per lakh of population is in their case between 3 and 6. Of course the very large population of these Presidencies and Provinces is against them in such a comparison on the population basis, but if it is conceded that for an equal degree of progress as regards the co-operative movement the number of societies per lakh of population should be nearly equal, such a comparison is not altogether valueless and it may be taken for what it is worth.

I shall now make a comparison as regards membership In the subjoined statement the different provinces are arranged according to the number of co-operative members per lakh of population.

Provinces.	Number of Societies.		Provinces.	Number of Societies.	
	Absolute	Per 1,00,000 of population		Absolute	Per 1,00,000 of population.
Ajmer and Merwara ...	12,105	2,421·00	Central Provinces ...	46,150	382·01
Coorg ...	2,927	1,673·14	Madras ...	1,19,187	287·89
Mysore ...	53,267	918·40	United Provinces ...	1,19,273	252·69
Punjab ...	1,59,170	795·85	Assam ...	16,022	239·13
Baroda ...	9,267	463·35	Bengal ..	1,07,118	235·41
Bombay ...	86,225	439·92	Bihar and Orissa ...	54 647	158·40
Burma ...	39,111	372·48			

As usual, the intensely co-operative province of Ajmer-Merwara heads the list and little Coorg, our neighbour, comes second. Amongst the major Provinces and States, Mysore, the Punjab, Baroda and Bombay show more

than 400 co-operators per lakh of population; in all the other Provinces the number of members per lakh of population is less than 400, the lowest being Bengal 235, and Bihar and Orissa 158.

I shall now compare the provinces as regards capital, and for this purpose the working capital in thousands of rupees per lakh of population is shown in the following statement :—

Provinces.	Capital in thousands of rupees.		Provinces.	Capital in thousands of rupees.	
	Absolute	Per 1,00.000 of population		Absolute	Per 1,00,000 of population.
Ajmer and Merwara ...	15,18	303·60	Baroda ...	800	40·00
Punjab ...	1,91,39	95 70	Madras ...	1,42,10	34·32
Burma ...	81,99	78 09	United Provinces ...	1,17,49	24·89
Coorg ...	113	64·57	Bengal ...	1,09,94	24·16
Mysore ..	30,85	53·18	Assam ...	806	12·03
Central Provinces ...	72,20	51 34	Bihar and Orissa ...	36,51	10·58
Bombay ...	81,72	41·69			

Excluding Ajmer-Merwara, we find that the Punjab, Burma, Coorg, Mysore and the Central Provinces have more than Rs. 50,000 of operative capital per lakh of population. The other provinces show less than Rs. 50,000, the lowest being Assam Rs. 12,000 and Bihar and Orissa Rs. 10,000.

You will see that all that we can claim as the result of these comparative studies is that Mysore has earnestly thrown herself into the current of Indian co-operation and is making satisfactory progress. In all comparisons that we have made, Mysore appears in the first of advanced group of Indian Provinces and States.

Co-operation and other methods.

The fact that the rural population of India—and the bulk of the population is at present rural and will remain so for many years to come—requires some sort of banking facilities to balance their monetary transactions, has been recognised from the earliest times. It was felt that the villager required a safe place in which he could deposit his savings and he also required sources from which he could draw loans when, either the failure of crops or some social ceremonial or domestic event required him to find more money or grain than he had at his disposal in the ordinary course. In the ordinary system of Indian rural economy, the village money-lender discharged these functions in the past and still does so to a considerable extent. Owing to the fact that the chief form of wealth of the rural population in the majority of cases consisted of grain and fodder which the raiyat preferred to store in his own granaries and stacks and also owing to the fact that even if a part of the grain was converted into money the strong domestic affection of the raiyat would prompt him to invest the money in ornaments for his wife and children, the first named function of the village money-lender, *viz.*, that of receiving deposits from his co-villagers, was not very extensive. His chief function was to lend money to those who came to him for assistance. He has been all along an unpopular individual and from the times of the Mahabharatha and of Manu to the present day, when he has been characterised by modern economic writers as the greedy Shylock, he has never enjoyed popular favour, nor got any credit or good name for the important function which he discharges in society. Many of the ancient treatises on Hindu law placed limitation on the extent of his profits. The rate of interest was restricted and the accumulation of interest beyond a certain limit was forbidden. The trade of money-lending was thought to be improper and immoral and the higher castes were forbidden to practise it But the fact that the money-lender survived through all this unpopularity and odium and continued to be an essential part of the Indian village organization through centuries showed that he discharged a useful function. He used to help his customers in various ways. To producers, besides lending necessary capital for production, he often acted as a middle-man between them and the market. His rates of interest had to be pitched high and were often excessive, but the risk he took in some cases were great and he had to insure himself against loss by charging a higher rate of interest to cover the loss of even the principal in some cases. It is the opinion of many thoughtful men that instead of crying down the money-lender as a pest and a curse to society—a view which I think is an unfair and one-sided one—the aim of co-operators should be to draw him into the co-operative movement. His knowledge of accounts and his shrewdness in respect of monetary transactions will be an invaluable asset to a co-operative society if he joins it and becomes a member of the Managing Committee. The step need not be necessarily unprofitable to him. He can continue to exercise his profession of money-lending through the co-operative society and instead of working on the system of large risks and a higher rate of interest he may work on the basis of minimum risk and a moderate return.

Co-operative Societies and the Land Improvement and other Loan Schemes.

The system of granting takavi loans to raiyats in need of help has been in existence in India from the very earliest times. The Mahabharatha mentions one per cent. per month as the proper rate at which a king should lend grain to cultivators and similar mention of loans from the State to cultivators is found in other ancient works. In British India the grant of such loans at present is regulated by the Land Improvement Loans Act of 1883 and the Agriculturists' Loans Act of 1884 and in Mysore such loans are regulated by rules framed under the Land Improvement Loans Regulation of 1890. The chief advantages of these State loans over those that can be obtained from Co-operative Societies are the low rate of interest which is generally fixed at 5 per cent. and the long period which is allowed for repayment. On the other hand there are several disadvantages. Application has to be made in a certain form and through the prescribed channel which is inconvenient to raiyat uninitiated in the mysteries of the red tape. The inevitable delay which takes place in the disposal of the application which is to filter up and down through several channels is a great draw back. The security question is also important, for these State loans are never given without proper landed security with a safe margin, all risk of loss to Government. Then again these loans are sanctioned only for specific productive purposes which are laid down in the rules. Exactions of petty offcials which in the case of small loans may amount to no inappreciable part of the amount received has also been alleged as a reason militating against the popularity of the system of State Takavi Loans. It seems to me that there need be no clashing between the State Loans system and the Co-operative movement. Under Indian conditions there is ample scope for the beneficent

operation of both schemes. As a rough working rule the opinion of the Co-operative Committee of 1914 may be acted upon. The committee has suggested that amounts required for effecting extension improvements in land such as masonry wells and large embankments, the investment of money on which can only be recouped in a long term of years must ordinarily, for the present at least, be advanced by Government under the Land Improvement Loans Act. On the other hand, for other purposes, specially for those, outlay on which can be recouped from the proceeds of a single harvest or at most from the proceeds of two or three harvests, loans from Co-operative societies may be taken.

Co-operative Societies and Savings Banks.

It has sometimes been considered that the State's Savings Banks, by drawing away the savings of the people to the State Treasury, operate against the success of the co-operative movement. This subject requires careful consideration and it is very important that correct views on it should be disseminated amongst the population of the State as widely as possible. All of you must be aware that the Government of His Highness the Maharaja have lately inaugurated a system of Village Savings Banks as feeders to the District and Taluq Savings Banks attached to each Treasury in the State. More than 100 such Village Savings Banks have been sanctioned for all parts of the State and these are being gradually opened. You may take it as settled that the Village Savings Banks schemes will always be worked as a help to, and never in competition with, the co-operative movement. We have the authority of Mr. Henry W. Wolff, undoubtedly one of the highest authorities on co-operation, that in the economic system of a country there is room both for Co-operative Banks and Savings Banks. In his book on "Co-operative Banking" he observes as follows:—"Nor need our Savings Banks apprehend that by the side of their younger sisters they will find their occupation gone. In Italy and Germany Savings Banks still continue to grow and those who are wise amongst the administrators rejoice in the fact that there is more saving in consequence of the Co-operative Banks having taken the field" So it is clear that for the present, at any rate, and for a long time to come, the two schemes can work side by side, as indeed is the case in many other countries.

Co-operative Societies and Agricultural Banks.

Agricultural Banks on joint stock principles were at one time considered as capable of solving the problem of rural indebtedness in this country. Historically as we have already seen this idea immediately preceded the scheme of Co-operative Societies Most of you must be aware of the history of agricultural banks in the State The Mysore Agricultural Banks started in the early nineties of the last century by Sir K. Sheshadri Iyer were not joint stock banks, but were co-operative institutions pure and simple. It cannot be said that the scheme was a success from the ordinary point of view; but the experiences which the Government and the people gained from it are valuable. A scheme of agricultural banks practically represents one aspect and one only, *viz.*, the financial side of the co-operative movement. As far as the supply of cheap capital to the agriculturists is concerned, agricultural banks attempt the same task as the co-operative movement is now trying to attain. But while the co-operative movement is endeavouring to raise people from within through self-help, education and the inculcation of valuable moral qualities, the Agricultural Banks tries to secure the object by mechanical financial methods by external capital and management and with State help. It is here that the difference comes in. Cheap capital is no blessing unless it is accompanied by the necessary safeguards that it will be profitably used and the results of such profitable use will be sustained and made permanent. The Co-operative movement supplies this safeguard and it is for this reason that high hopes are entertained in all quarters of its success.

Co-operative Societies and Land Banks.

The question of land banks has sometimes been considered in connection with the co-operative movement. The object of a land bank is to provide credit for large land-owners and this is certainly one aspect of the co-operative movement in its largest and broadest sense. But for ordinary credit purposes of the great bulk of the Indian rural population the conception of a large land bank appears to me to be out of place.

The Landschaften Banks of Germany and the Hypothec Banks, Bavaria modelled on them are meant for comparatively large land-owners, the average value of a loan issued in the case of the latter being equivalent to about Rs. 5,000. Similar remarks apply to the credit Foncier of France which is said to be the largest land mortgage Bank in the world. The Hypothec Bank of Japan combines the functions of a land bank for large owners with those of an apex bank for co-operative societies and local agricultural and industrial banks. The credit Foncier Egyptian is useful only to large land owners "The Nobles, Government Bank in Russia" issues only large loans, the average amount of a current loan being equivalent to about 17 lakhs of rupees. Large central land banks which issue loans to small land-holders direct are rare. The Agricultural Bank of Egypt established in 1902 is one such institution. But the effects of over-centralization and want of touch between the creditor and the borrower are likely to be felt in the working of such an institution and it has been suggested that co-operative societies or some other intermediate financing agencies are necessary, so that small peasant proprietors may really and widely enjoy the benefits of credit at a reasonable rate.

A Land Bank may be started and profitably worked in a country where the following three conditions are present. In the first place there must be a class of large land owners who want loans of fairly large sums for productive purposes in connection with the development of their estates. Secondly as the result of endeavours and activities of a Scientific Agricultural Department of the State or of other organisations having the same object, schemes must have been evolved and reduced to an easy practical basis according to which by the expenditure of money, the produce of land would be so developed as to secure an adequate return on the capital spent. Thirdly, there must be a class of men with business capacity and technical training necessary for initiating and working such schemes of improvement.

H. H. The Yuvarajah's Address.

The following address was delivered by His Highness the Yuvarajah of Mysore at the opening of the Conference :—

I am very pleased to hear from you that this Conference has been undertaken by the Co-operative Societes in the State I expressed the hope last year that you would be able to decide upon a workable scheme under which the Conference would be held not, as till then, by the Co-operative Department, but by a body of Co-operators. I was then far from thinking that my words would bear fruit so soon, and I must congratulate you on the thoroughness and promptness with which you have been able to achieve this result.

Turning to the progress of Co-operation in Mysore, I think you have every reason to be satisfied with the position which you occupy to-day. You have now about 825 societies with a membership of 65,000 and a working capital of Rs. 4,500,000. The societies have this year realised a net profit of Rs. 2,20,000, built up a reserve fund of Rs. 1,60,000 and saved a sum of Rs. 3,50,000 in interest to the members on their loans.

These are very encouraging results, but they are nothing compared to the work that lies before you. Two years ago I told you that perhaps the most important service which you could render to your members was to relieve them from their prior indebtedness. I see that during the past five years you have lent about Rs. 47 lakhs to your members for the redemption of prior indebtedness. In the absence of a proper survey of agricultural indebtedness, it is difficult to say what proportion the relief given by you bears to the total indebtedness in the State. I fear it is not very large. Adopting the basis usually accepted, the total agricultural indebtedness in Mysore cannot well be under five crores of rupees, and it is for you to take up the work of redeeming our raiyats from this huge burden.

The task is a difficult one, but if you set about it with earnestness I think it is not beyond your powers. So far you have tried to meet your requirements with local capital. Every society has made it a point to find its resources in its shares and deposits, and it is only in extreme cases that recourse is had to outside borrowing through existing Central Banks. This cautious method of work was perhaps necessary till now, but the problem which awaits solution at your hands calls for a bolder line of action. You have proved your capacity to utilize the funds entrusted to you to the greatest advantage and, to the extent to which you have thought fit to go, you have proved your ability to tap the outside capital. But this is not enough. You must make suitable provision for obtaining all the credit which you require and which is justly due to you. This can never be done so long as you keep divided in minor groups. You must now join forces to enable you to tap the general money market on an adequate scale. As co operators you will easily see that this is a case where one and one make more than two. The combination of credit, talent and resources which this secures for you will, I believe, enable you to deal adequately with all the problems of finance and supervision before you. I hope the attempts which you are making in this direction will be crowned with success.

SOME IMPORTANT RESOLUTIONS.

Co-operative Knowledge.

A resolution relating to the means of spreading co-operative knowledge was adopted. Mr. Sarjapar Venkatachar proposed the appointment of itinerant lecturers who might be paid out of profits of each Society.

After some discussion, it was resolved that a series of co-operative lectures should be arranged, the same to be delivered by auditors and supervisors, and that a drama on co-operation should also be written and enacted in convenient centres for the benefit of the masses.

Loans.

Another resolution related to principles, purposes and periods of loans in primary societies.

Mr. Krishnamurthi Sastri, Sub-Registrar, in speaking on the subject, said that previous encumbrances should first be ascertained, instalments of repayment should be fixed on the paying capacity of the borrower, and interest should be a little less than that obtaining in the locality. Mr. H. Ramachendriah of Tumkur urged that the purpose and necessity of the loan should be first ascertained Mr. Siddalinga Devaru prayed that interest should be as low as possible. It was resolved that the existing practice might continue as it was sufficient.

Punctuality in Repayment.

Mr. Nanjappa of Hindiganal urged that the repayment of loans should be punctual and that some restrictions should be placed on applications for renewal of loans. An interesting discussion ensued. Among the speakers, Mr. H Nanjundaraja Urs. Superintendent, Amirtha Mahal Department, urged that the directors of Co-operative Societies and banks were themselves often the borrowers (laughters) and sometimes great defaulters as well.

Mr. Raju Mudaliar said that a claim of a Co-operative Society could not at present be enforced, unless there was a decree (cheers). After some discussion it was resolved that renewals might be granted, on repayment of a moiety of the loan. Mr. Babu Anantha Joshi of the Geological Department moved that Government should be moved to pass an executive order that heads of departments should recover loans from their subordinates, on behalf of societies. The proposition was objected to and lost.

Societies for Women.

Another resolution related to deposits and the method of attracting the same. Mr. Hongenahalli Naraina Rao read an interesting paper, in which, he said that societies should be formed separately for women so that they might learn by co-operative salient ideas of thrift, uselessness of buying jewels, etc. He urged for school boys savings banks, and made several useful suggestions. The proposition was carried. Mr Srirama Sastri made an impressive speech, in the course of which, he said that minor deposits should essentially be attracted with some effort if necessary, as it would teach young boys and girls, thrift and also obedience to elders. Further discussion ensued, and it was finally resolved that deposits should be attracted, as far as possible by means of giving higher rates of interest, taking deposits from children, school boys, trust funds and fixed deposits from Sowcars.

Federal Banking Unions.

Mr. H. Ramachendriah in speking next on "Federal Banking Unions," said how far they have been found useful and how far their usefulness can be increased.

He spoke on the working of the Tumkur Federal Bank, which had financed 13 societies, all of which had been regularly inspected. He said the cost of management was less as members themselves performed all the duties, which led to a dividend of 8 per cent. The bye-law does not allow more interest. That is a special case.

Mr. Bhima Rao, Hony. Supervisor of Chennagiri, said that there were 15 societies in that Taluk Union, which have borrowed Rs. 17,000 from the Central Bank. At the request of the Registrar, Mr. Venkatanathaiengar of Utteramallur in the Chingleput District spoke on the benefits of Federal Unions. He said there were 6 Unions in the District, at a distance of 7 miles from one another. His taluq of Madurantakam has about 200

villages and 180 societies. The Unions have 47 societies affiliated to them, were first started on an unlimited basis, but that being contrary to the regulation, have since been changed to limited ones. These societies have borrowed 2 lakhs from the Central Bank, which advances loans, on the recommendation of the Unions, which have no power to lend but can only recommend loans. The Unions, however, collect the loans for which they get 40 per cent. of the profits from the Central Bank, which levies 7½ per cent The Registrar observed that in Mysore 50 per cent. of the profits were allowed by the Central Bank to the Unions and they were thus more liberal in Mysore. The necessity of having Federal Banking Unions was unanimously resolved upon.

THE SECOND GODAVERI DISTRICT CO-OPERATIVE CONFERENCE.

The Second Godaveri District Co-operative Conference assembled in the Pyada Venkata Chelapathy Town Hall, Cocanada, on Saturday, 16th October, 1916 under the presidentship of the Hon. Mr. L. E. Buckley. There was a large and distinguished gathering, including among those present, Mr. C. B. Cotterell, I. C S., Collector, the Hon. Mr. K. R. V. Krishna Rao Bahadur, the Hon. Mr. Rao Bahadur K. Suryanarayanamurthy Naidu, Dewan Bahadur L. D. Swamikannu Pillai, Co-operative Registrar, Rao Bahadur Pyada Venkatachelapathy, Rao Saheb D. Subrahmanyam Pantulu, Messrs. K. Nageswara Rao Pantulu, Baru Shri Rama Narasimha Rao Pantulu, (President, Taluq Board, Rajahmundry), D. Suryaprakasa Rao Pantulu S. Velu Mudaliar, B. Pattabhi Seetharamayya Pantulu and W. V. B. Ramalingam Pantulu. About 50 delegates attended including representatives from Societies in the districts of Ganjam, Krishna, Guntur, besides Godavari.

The proceedings began with the reading of his speech by the President of the Reception Committee (Mr. Mulukutla Achuta Ramayya Pantulu Garu). The following are some extracts from the speech :

I, for one, feel fully convinced that there is no other salvation for our people to get out of their poverty than what co-operative movement can give. For it is at once economic, educative, both physically and morally and also otherwise beneficent. It is economic, because combined security of a number of people commands always a readier and cheaper credit. It is educative, because it compels people that join the movement to know at least the three Rs. and that is primary education which we are clamouring for in our political activities to protect their own interests in the Societies they join, and compels them to avoid all evil practices such as drinking, gambling, extravagance and promotes self-help, restraint, mutual reliance, punctuality, thrift, discipline and soon.

It is a matter for congratulation that in India where pessimism, ignorance, and above all, prejudice and indifference are predominant factors, so many as thirteen thousand Co-operative Societies have been at work, and that the number of members on their rolls is nearly 6 lakhs of people, in so short a time as 10 years, roughly speaking. Taking the population and the extent of the country, and the various diversities of the communities so far as the occupations of the people are concerned, these figures are a drop in the ocean, but in the development of the system, which has been at practical work for only about 10 years, I think the results are not discouraging. If

6 lakhs of people are members of these Societies, taking an average of 3 souls for each member's family, the Societies may be said to have been giving relief to 18 lakhs of people. Now, as to how far this movement has spread in this District, and whether people have kindly taken to it, our good and energetic Assistant Registrar, Mr. Nageswara Rao Pantulu, can say more ably and vividly than I can do. Ever since this District has been placed under his command, he has not spared any pains to preach the gospel of Co-operation wherever he happened to be, so much so, that people sometimes avoid him, lest he should take them to task for their apathy.

We are conscious that we have not done our duty by merely starting a Rural Bank for supplying cheaper credit to poorer working classes. Our small traders want a higher Bank than we have, for giving them a higher credit on cheaper lines than the already existing Banks can do. This district is essentially an agricultural one. Our poor peasants are badly in need of well-organised Societies which would finance them on the security of their crops and lands to enable them ; 1 to pay kists to Government without having to sell their crop at unfavourable rates in unfavourable seasons ; 2 to buy ploughing cattle ; 3 to buy good seed; 4 to carry on their operations on the land ; 5 to buy and sell their stocks for their benefit and 6 to insure their cattle and a host of other things. Our Gracious King Emperor said, "if the system of co-operation can be introduced and utilised to the full, I foresee a great and glorious future for the agricultural interests of this country". So, it is only the full working of the Co-operative movement that can insure the well being and the prosperity of our Raiyat.

After this speech, the Assistant Registrar read a most interesting report about the progress of the movement in the district. Reports were next read of the work of seven typical Societies.

RESOLUTIONS.

The following are among the resolutions passed :

That this Conference, while fully alive to the cardinal principle that recoveries of dues from members in primary societies should be by mutual influence and co-operation, is of opinion that in the extreme cases requiring a different treatment, more effective and summary procedure as outlined below may be provided for by Government in place of the extremely tardy action through the Civil Courts, as from experience this latter procedure has been found to encourage the recalcitrant members to resort to it rather than serve as a deterrant remedial measure : The decree passed by the Registrar or the panchayat appointed by him be executed by an agency similar to that employed in the Revenue Offices and placed under the Registrar.

That this Conference notes with pleasure the good work turned out by the Supervising Unions at Amalapur and Peddapur in keeping their affiliated Societies in proper order and attending to their needs and demands, and wishes both the Unions a more prosperous career ; and also conveys its thanks to the members of their governing bodies for the keen interest evinced by them in their management.

That this Conference requests the co-operation of the public in forming Co-operative societies for work-men in towns and in factories, also for the aboriginies in the Agency tracts, and for building and other purposes.—

That this Conference is of opinion that it is desirable to establish at Cocanada, the Godaveri District Banking Union, and appoints a Committee consisting of the following gentlemen to organise the same at an early date : the Hon. Mr. K. R. V. Krishna Rao Bahadur, the Hon. Mr. Rao Bahadur K. Suryanarayanamurty Naidu, Messrs. M. Achuta Ramayya, Ramachendrapur Raja, Nutta Manikkam, Parepalli Venkata Ramayya, Rao Bahadur Pyada Venkatachelapathy, N. Padmanabham and D. V. Prakasarao, three to be quorum, and Mr. D. V. Prakasa Rao to be the convener.—

That this Conference recommends that Government be moved to allow the Local Boards to give additional facilities to Panchayats of Co-operative Societies in the execution of Sanitary works which may be entrusted to them by giving advances to such Societies in order to ensure economy and efficiency.

That this Conference resolves that the Indian Trust Act be so amended as to enable trust funds and endowments being invested in the District and Provincial Co-operative Socities.

President's Concluding Speech.

The President, the Hon. Mr. L. E. Buckley, I.C.S., Commissioner of Revenue Settlement, in bringing the proceedings to a close, said among other things :

The last resolution placed upon the paper refers to the investment of trust-funds in Co-operative Societies. The question involves a change in the law; but apart from that, there is the objection that the resolution aims at securing what I may call easier money. The President of the Reception Committee referred this morning to the need for self-help, self-restraint, mutual reliance and thrift. Now, if large sums of money are to be placed at the disposal of co-operation by the stroke of a pen, it is to be feared the impetus for self help may disappear, the spirit of co-operation will become diluted.

I will now go on to make a few remarks on the Co-operative work of the district. The Assistant Registrar has given us a most interesting description of the state of things, from which it appears that the number of Societies at the beginning of the year was 25, which number rose to 45 before the end of the year. It may occur to some of you that, though it is now a good many years since co-operation began, it has made but slow progress in this district. No doubt this is so ; but it is a question whether this in itself is a bad thing. There are some who judge progress by the number of Societies only. I should rather judge it by the number of Societies that are really good. If a Society is not strong, it is not adding to the strength of the movement ; and I would rather see 50 really good Societies than 100 indifferent ones. We are told that in many of the Societies the members are drawn only from the highest classes, and others are not admitted. With members of this class a high standard of work is to be expected ; and even judging from a high standard, I am glad to find that the co-operative situation is satisfactory and encouraging. Repayments by societies to the Central Banks were generally made punctually and in full.

Of the loans advanced to members, more than three fourths have been advanced on personal security. At one time there was a tendency for money to be advanced more often on immovable than on personal security.

think that advance made on personal security with sureties cannot fail to improve the spirit of co operation, and I look upon it as a good sign that so much money has been advanced in this way. Under the recent rules for the classification of loans, they are divided into long and short term loans. Members of Societies are likely to have a greater want for temporary accommodation and it is a good sign that three fourths of the loans were short term loans. Next, as regards the purposes to which these loans are applied, we find that only 2½ per cent. of the money advanced was advanced for unproductive purposes. General and Committee meetings have been held in sufficient number and the attendance at them was good. You have some exceedingly useful institutions in the Municipal Servants' Societies at Rajahmundry and Peddapur, which bring help to the lowest classes. In one of the resolutions passed to-day, we have expressed our best wishes for the prosperity of the local Administrative Unions at Amalapuram and Peddapuram. They ought to be a source of strength to the Co-operative movement, and I learn they are already doing good work. For all these reasons, the outlook for co-operation is encouraging. You must bear with me while I turn over the page in order to refer to matters which are not in such a satisfactory state. The collection of dues from members of Societies was not all that could be desired more than 1/5th of what was due being in arrears at the end of the year. Considerable improvements in this respect was no doubt made during this year as compared with the previous year and the district stands fairly well as compared with others, but I have no doubt you will all agree with me that there is room for improvement. I should like Godaveri to take a pride in making repayments promptly and having no arrears. Another point to which it is well to draw your attention is the large amount of working capital, you are now drawing from the Madras Central Urban Bank as compared with the small amount which is raised locally. You have resolved to-day to encourage deposits by members, and in another resolution also passed to day you have resolved to increase the share-capital of societies. I am glad to see that these points are engaging your attention because, if you succeed in raising local capital, you will succeed in getting it much cheaper than you do at present. The last point to which I wish to draw your attention is that many Societies are composed only of the leading men in villages; we must not forget that there are poorer persons also to whom help is due, and I hope that before long more will be done to make the benefits of the movement reach the poorer classes. The point deserves the earnest consideration of all who have at heart the interests co-operation; for co-operation was invented for the poor. We have not heard very much to-day on the subject of education in co-operation. It is a most important matter, because unless the people are taught in their villages what co-operation is and what they can gain from it, they cannot be expected to come forward and ask for Societies. The Department has been able to do something this year by issuing small pamphlets for the instruction of Societies, but the department is a small one and must rely on the efforts of private gentlemen for help in such work. I assure I have only to mention this for workers to come forward.

APPENDIX.

THE EIGTH BENGAL PROVINCIAL CO-OPERATIVE CONFERENCE.

The Eighth Bengal Provincial Co-operative Conference was held in February last at Writers' Buildings and the opening speech by his Excellency Lord Carmichel is published elsewhere. The following recommendations of the Sub-Committees that had been appointed to discuss the various questions connected with Co-operation were adopted at the conference:—

The report of the Sub-Committee dealing with the village Banks, co-operation and the relief of distress due to scarcity, and village society, was first dealt with.

Relief of Distress.

As regards co-operation and the relief of distress due to scarcity, the Sub-Committee was glad to see that the Co-operative organisations at Rampurhat and Brahamanbaria rose to the occasion at the time of distress and expected that their example would be followed in other places should occasion arise. It, however, considered it too early yet to pronounce an opinion whether the procedure authorised should be followed as a matter of course. Local circumstances must guide the workers in each case. It was clear, however, that one of the best safeguards against distress was the spread of the co-operative movement on its present lines.

Agricultural Loans.

Along with this subject was considered the question of agricultural loans and the Sub-Committee thought that the distribution of agricultural loans under Act XII of 1884 should remain in the hands of Government, but that the officials distributing the loans should always consult the leaders of Co-operative Societies in the neighbourhood, at the time of the distribution of the loan. It thought that the lending of money by Government to the Society would necessarily lead to too great interference by Government with the Societies.

Benami Loans.

Turning to the Village Societies, the Committee dealt with their common defects and how to prevent them. As regards "benami" loans in the names of servants or dependants the Committee were of opinion that the local Society within a week of receiving money from a Central Bank should send it a list of the members who had received the loan, properly attested by all the recepients. The Central Bank should then arrange for a check of this list as soon as possible after its receipt.

Misappropriation of Funds.

With regard to the irregular holding of Panchayet and other meetings, the Sub-Committee recommended that a copy of the proceedings of each meeting be sent the next day to the Central Bank. The Central Bank would then know whether the meetings were being held or not. As regards misappropriation of funds by some of the staff, e.g. the Secretary, when realising loans entered up only a portion in the books and kept the balance in his own hands for private use, the Committee recommended as a preventative measure, inspection and emphasis on the use of pass-books.

Levying of Penal Interest.

A question which aroused a large amount of discussion was a suggestion made by the Committee for the levying of penal interest and the ultimate expulsion of the member in default of "kists." It was pointed out by some of the members that the levying of penal interest was illegal, and ultimately this matter was left to the discretion of each Society concerned. In connection with the question of the expulsion of the member concerned, the President, in answer to enquiries as to how in that case the money advanced would be recovered, remarked that it was proposed to first realise the sum advanced and then expel the member concerned. Another matter which was fairly fully discussed was the question as to how they should deal with unnecessary expenditure by members on the occasion of their visit to the Central Bank. In the course of the discussion it was pointed out that members sometimes attended a Court to give evidence or went to visit a friend, and after transacting their private business went to the Secretary of Society or the Bank and said that they had come to inspect that particular Society or Bank and wanted their travelling expenses paid. It was ultimately resolved that the bills must be countersigned by the Secretary of the Central Bank and kept as vouchers by the Rural Societies.

Primary Education.

In connection with the question of Primary Education the Conference unanimously accepted the recommendation of the Sub-Committee that primary education should be one of the first objects to which the Charity Fund of the Central Bank or Society should be directed.

The various recommendations of the Sub-Committee were all accepted by the Conference some of them with slight modifications.

Audit and Inspection.

The Conference then took up the report of the Sub-Committee appointed to deal with the question of Audit and Inspection. After some discussion it was decided that the fund necessary for the entertainment of an adequate staff for the auditing of Societies should be jointly contributed by the Government and Society concerned, but the Registrar should have a commanding voice both in the appointment and control of this staff; that a suitable practical way of giving effect to the above decision would be to have two separate staffs, one to be maintained entirely by Government and the other by fees to be levied from Societies; as a corollary to the above there would be two separate systems of audit, one to be made annually by officers in the employ of the Societies themselves, designed as the "original" audit in the Committee's report and the second at more distant intervals by officers in the employ of Government which is called "super audit" in the same report. The terms differentiating the two audits did not seem quite appropriate and it would be better to call the first the "local audit" and the second "Government audit" or "Department audit."

Recruitment of Auditors.

The next item of interest was the recommendation of the Sub-Committee that recruitment of the staff of Societies' auditors should as far as practicable be generally from the staff already in their employ of Central Societies, that the staff should be provincial and under the control of the Registrar and the pay should be Rs. 50 rising to Rs. 75. The Conference was of opinion that there should be one staff, that the staff should be larger than what it is now and that part of it should be paid by fees raised by Societies.

Central Banks.

The Conference next dealt with the Report of the Sub-Committee on Central Banks. An item which was much discussed was the recommendation of the Sub-Committee:—there should certainly be an adequate fluid resource in Central Banks but the standard laid down by the Committee on Co-operation is too high and rigid. The members consider that the Central Banks should have the option of deciding what should be an adequate fluid resource in each case, taking into consideration local circumstauces but subjectto the instruction of the Registrar. Attempts should be made to get long term deposits from two to five years. A suggestion was made that in such cases the Central Bank should have power to make payment before maturity, if found necessary. But his suggestion was not adopted by the Sub-Committee.

Mr J. M. Mitra, Registrar of Co-operative Societies, said that this was a very important subject and he hoped the Conference would carefully consider it, because he was afraid the Government of India would compel a certain standard of fluid resource to be in every Central Bank. They should, therefore, try to find out what that standard should be. They must have a fluid resource as it was essential to the safety of the whole co-operative movement. Babu Taraknath Maitra was in favour of fixing the limit at 35 per cent. The Registrar stated that during his inspection of the Pabna Central Bank he found that that Bank without trying to keep a fluid resource had all along been in possession of a fluid resource which was more than 50 per cent. He did not think where would be any difficulty in keeping a fluid resource of 50 per cent.

Khan Bahadur H. Ahmed did not see why if a Central Bank was able to repay a deposit before maturity it should not be allowed to do so. The Registrar replied that such a course would shake the confidence of deposition. The Hoj Kishory Mohun Chowdhury thought that in the case of new Societies they should take some precaution but in the case of old Societies which had proved a financial success this should not be made compulsory. The Conference accepted the recommendation of the previous year's Conference subject to the amendment that an exception be made in the case of old and well established Banks.

Another important recommendation of the Sub-Committee was that the area should not be restricted but attempts should be made to obtain local deposits as far as possible in preference to outside deposits.

The Registrar said he knew that there was harmful competition. One Central Bank offered very high rate of interst in order to attract outside deposits and he had to stop that. That Central Banks should raise deposits locally and if they could not do so they should communicate with him and he would help them. Several German Banks had come to grief because they were allowed to accept deposits from outside. Outside depositors were subject to panic much more then local depositors. Babu Tarak Nath Maitra did not see why a depositor should be restricted from placing his money in a Bank which was thought the safest.

Dr. Sutherland thought that every one would be satisfied if the Sub-Committee's recommendation was accepted with the following addition:—"and to prevent undue trenching by one Central Bank on another the sanction of the Registrar shall be obtained before seeking deposits from outside."

Provincial Bank.

The Conference was unanimously of opinion that the time had not arrived for the formation of a Provincial Bank.

Guaranteeing Unions.

The Sub-Committee recommeded that the members do not consider guaranteeing unions to be necessary in Bengal.

The Conference however adopted the following amendment proposed by the Registrar: The Conference do not consider that guaranteeing unions have been sufficiently experimented with for a definite recommendation to be made.

The first subject dealt with by the Conference was the recommendation of one of their Sub-Committees which was unanimously of opinion that as a measure essential to the success of the movement and its full realisation, the provisions of the Public Demands Recovery Act be extended to Co-operative Societies under liquidation. Mr. H. R. Wilkinson in asking the Conference to accept this recommendation said that it was admitted that the realisation of assets in the present system was cumbrous and his recommendation if accepted would introduce a simple and effective procedure. Mr. Donovan observed that they had approached the Government last year and tried to get the proposed system introduced into the Bengal Council, but Government sent it back saying that in the absence of any difficulty in liquidation in the present circumstances they were not prepared to take it up. The Government wanted occular demonstration of their difficulties. Personally he would go to any limit to avoid going to Civil Courts and exposing their weakness. If they were compelled to go to the Civil Courts to realise their assets, the results would be disastrous. Who would object? Not the honest debtor but the dishonest man. The Conference accepted the recommendation with an amendment proposed by Mr. Donovan to the effect that the Government of Bengal be requested to take up legislation during the present sessions.

SIR DANIEL HAMILTON'S SPEECH.

Sir Daniel Hamilton said :—As there is a lot of business still before the Conference I shall not detain you more than a minute or two, but I should like, with the Chairman's permission, to say a few words on one point, that is, the hopeless inadequacy, in point of numbers of the persent co-operative staff, to cope with the big problem of the indebtedness of Bengal. In his speech at the opening of the Conference His Excellency likened the endebtedness of India to "a great mountain which had to be dug away even though the labour in removing it would be enormous." But where is the inormous labour force? Twenty men will never dig away Kinchinjunga. In old Bengal there were, I believe, 1,37,000 villages and I suppose in new Bengal there may be 1,10,000, all wanting Societies. At the rate of progress mentioned by His Excellency—325 new Societies a year—Bengal will not be covered with the fertilising stream of credit before the year 2200. Are so many generations yet unborn to pass from the cradle to the burning ghat tied to a mountain of debt? And it is not only a mountain of debt which has to be dug away but a mountain of credit which has to be built up in its place. Speaking the other day at Amta the Hon. Mr. Beatson Bell said that Government was now going to begin building from the village up to the Viceroy, instead of from the Viceroy to the village; but where are the builders? Twenty men will never build a temple to hold fifty millions of people The Maclagan Committee recommended one Registrar or Joint Registrar to every thousand Societies. One hundred Registrars with a staff of a thousand assistants are therefore wanted for the hundred thousand villages of Bengal. So far, I understand, we have one Registrar and an assistant. Where are the 98 and their staff of a thousand buildings? Their Excellencies are rightly enthusiastic about the building up of village industries but village industries can never thrive among a people who have neither credit nor cash. We see the world preparing for a big move forward after the war, but without credit India will stand still always behind the cow's tail of the Empire instead of the living head which 300 millions of people ought to be. It is because the people have no money that the Government is always short of funds and the public services starved; no money for education or for medicine or for anything else. The Director of Agriculture is expected to provide milk for Bengal with a couple of improved cows. The Director of Fisheries is expected to fish the Bay of Bengal with an eight-anna rod. First fill the purses of the people with credit and the Government coffers will fill up of themselves and there will be money for all and to spare. A lakh or two of rupees will pay for the increased staff and yield a thousand fold in peace and progress of every kind. The few thousand rupees spent in the salaries of Mr. and Mrs. Howard of Pusa have added millions sterling every year to the value of India's food supply. The few thousand rupees spent every year in the salaries of the Co-operative staff have added lakhs and lakhs to the wealth of Bengal; but the great mountain still remains. If India is ever to catch up to the rest of the world, the credit of the people must be built up now or never, and it is for Bengal as the Premier Province to lead the way. A lakh or two of rupees every year will do it and will at the same time provide a great opening for the patriotism of the pick of Bengal's young men to show what they can do in Empire building. Every pice saved in the Co-operative staff is a gold mohur lost to the people and another to the Government. I hope, therefore, Government will ponder and follow the political economy of the old prophet who wrote: "There is that scattereth and yet increaseth and there is that withholdeth more than is meet, but it tendeth to poverty." With these words I beg to move that with a view to the more rapid development of the agricultural and manufacturing resources of Bengal after the war, this Conference is of opinion that Government should at the earliest possible moment take whatever steps may be necessary to provide an efficient increased co-operative credit staff.

Dr. Sutherland in seconding referred to the enormous benefits which the co-operative movement had conferred upon the peasantry in the District of Kalimpong, from which he came.

The resolution was unanimously adopted.

Milk Supply In Urban Areas.

The Conference then considered the report of another Sub-Committee. The first item of importance in it was a recommendation that the Conference should move the Government to have enquires made into the conditions of milk supply in Urban Areas as a preliminary to organising Distributive Dairy Societies in such areas. Mr. W. D. R. Prentice, the President of this Committee, pointed out that recently an enquiry had been made into the milk supply of Calcutta by a Committee appointed by the Calcutta Corporation. The result of that enquiry was now being considered by Government. The Confernce adopted the recommendation.

Bengal Home Industries Association.

The Conference next considered several suggestions by the Sub-Committee with regard to the relations which should exist between the co-operative movement and the Bengal Home Industries Association. The first was that where there was an industry carried on by a few individuals the Association would finance them indirect, but where the industry was carried on by such a number of people as would make it possible to form a Co-operative Society the Registrar should be asked to arrange for the formation of a Co-operative Society. If he declined or reported that it was not possible to form a Society the Association might finance direct. This was agreed to. Other suggestions referred to the supply of raw material to Industrial Societies and the taking over by the Bengal Home Industries Association of manufactured articles. There was also a suggestion that the co-operative sale depot in Bowbazar should be taken over by the Bengal Home Industries Association, Mr. Prentice briefly explained the advantage to both bodies of this co-operation among themselves. The Registrar remarked that they would be very glad to abolish their sale depot, but before this was done he invited all present and the public to visit the stall and purchase some of the articles exhibited there. The Conference adopted the suggestions of the Sub-Committee above referred to, as well as a third set of suggestions in regard to the interchange of information, the distribution of new implements for experimental purposes and other miscellaneous matters. The Conference also accepted a recommendation with regard to the present Co-operative journal being supplemented by a periodical or bulletin in Bengali. It was resolved that the journal should be continued and that a new journal in Bengali should be introduced, which should be sold at cost price. The whole report with certain modifications was then adopted.

The Conference next considered the report of the Sub-Committee which dealt with co-operation and agriculture. The first item in their report referred to Co-operative Societies among fishermen. They reported that owing to the small staff of the Fishery Department it was impossible at present to carry on satisfactory Co-operative Fishery work, and in view of the non-success of past efforts to organise Co-operative Societies among fishermen, the Committee recommended that where Co-operative Societies were formed among fishermen, particularly with reference to river fishermen, an adequate staff should be provided to supervise the experiment over a sufficiently long period. Dr. Sutherland gave his experiences of the fishermen at Maldah. An exceedingly critical period had been reached and he was afraid that the Society formed among fishermen there was going to lapse. He did not think it was of much use starting Societies amongst fishermen unless they had a proper staff for management. These people had no idea of what co-operation was. At the time when the lease of the fishery was given to these men they used to get from Rs. 5 to Rs. 8 per maund for the fish. The Co-operative Society undertook to sell that fish in Calcutta and guaranteed them Rs. 10 a md. They were not willing to accept this proposal and wanted Rs. 12. This was agreed to and the Society started to sell their fish in Calcutta. Owing to the fact that no one was there to answer their little questions these fishermen eventually stopped sending their fish down to Calcutta. They were not willing to send any more and they were now seeking legal advice to see whether or not it was possible for them to get free from the Co-operative movement. If they were going to start Societies among fishermen they must be in a position to place men there to look after them and to teach them the benefits of co-opration. This, he was afraid, would take a very long time. He then gave his experience of the Junglipore Fishermen Society among whom the Co-operative movement had not been quite so unsuccessful as at Maldah. After taking the leases they became so well off that they wanted to break away. They had stopped sending fish. The Registrar said that the reason was that they did not want to contribute the six and a quarter per cent. which every Society was required to deposit

on the sale price for a reserve. After some discussion the recommendation with a slight modification was adopted.

Representation on the Councils.

On the motion of Babu Nobo Gopal Bose seconded by the Hon. Maulvi Abul Casim the Conference unanimously recommended that all the Central Banks in every Province be asked to send one representative to the Provincial Councils and that all the Central Banks in India be asked to send one joint representative to the Imperial Council.

Meeting of Conference.

On the motion of Babu Nolini Nath Banerjee, seconded by Babu Nobo Gopal Bose and supported by Babu Bidubhusan Dutta and Mr. S. C. Mookerjee, it was unanimously recommended that the Conference should meet once a year and that it should be left to the discretion of the Registrar as to whom he should invite.

President's Concluding Speech.

The President in closing the Conference said that when he saw the list of business which Mr. Mitra had provided he had some misgivings as to the propriety of such a formidable list and as to the ability of the Conference to do justice to it in the short time at their disposal. He had since been satisfied that Mr. Mitra's method was a wise one. They did not expect at those Conferences to arrive at an absolutely correct decision about all the problems which confronted them, and the method which had been adopted ensured that any member of the conference who had been troubled by any unsolved difficulty or whose experience had led him to believe that he had found a remedy for a difficulty would be able to submit his difficulty or his remedy to the Conference and find out what was the experience of others. They all had a tendency to believe that the way in which they did things themselves was the only suitable way and it was wholesome to find that others who dealt with the same problems were equally convinced that their opposite methods were the only suitable ones. If any of them who felt before that their own views for instance as to the proper application of the reserve fund of a rural society constituted the lost word on the subject, had now been convinced that there was another side to the question they would have attended the Conference with good results. After dealing somewhat in detail with the work of the various Sub-Committees and the decisions arrived at by the Conference, the President said he thought that they had spent their time very profitably and as far as he was concerned he had learnt a great deal. He wished them all success in their labours during the coming year and hoped that they would all meet again next year.

With a vote of thanks to the President proposed by the Hon. Mr. Abul Kasim, and seconded by Dr. Sutherland the Conference broke up.

THE FOURTH MADURA—RAMNAD DISTRICTS CO-OPERATIVE CONFERENCE.

The fourth Madura-Ramnad Districts Co-operative Conference commenced its sittings on the 20th January last at Watrap in the Ramnad District under the presidency of Mr. C. N. Krishnaswami Aiyar, M.A., L.T., Secretary of the Coimbatore Central Co-operative Bank. The Conference was held in a well decorated pandal erected for the occasion in the premises of the local Hindu Secondary School; and it was attended by more than one-hundred delegates from different societies. The attendance must be said to be fairly good, considering the fact that Watrap is a small place being in a corner of the district forty miles away from the nearest Railway Station. A number of ryots and land-holders interested in the Co-operative movement was also present, besides Dewan Bahadur L. D. Swamikannu Pillai, Registrar of Co-operative Societies from Madras, Mr. P. Meenakshisundram Pillai, Assistant Registrar from Madura, Mr. T. Srinivasa Rao, Assistant Registrar from Anantapur and Rai Saheb K. Ramaswami Aiyar. The proceedings were all conducted in Tamil and were followed with close attention by those present.

Address of Welcome.

On the Conference assembling at 2 o'clock, Mr. T. S. Narayana Aiyangar, President of the local society and Chairman of the Reception Committee welcomed the delegates in a short speech. He said that the Co-operative movement was started in 1904 and that in a period of twelve years, it had been spreading widely and rapidly. Its growth required an adequate explanation which lay in the appointment of able Registrars. The first seeds of co-operation were sown in these two districts of Madura and Ramnad in 1906 and in a period of ten years the number of societies had now swelled to 160. Of these there were only two agricultural non-credit societies. Considering the object with which the movement was started it was not encouraging to see such a small number of agricultural societies; and ways and means should be devised soon to increase the number. At present 148 societies held shares in the Central Co-operative Bank. Seven others borrowed from the Madras Central Bank. It was a matter for regret that punctuality in the repayment of loans was hardly observed by a majority of societies and such of them as were backward in repayments to the Bank had to be cancelled this year. Though liquidation of societies was apparently a retrograde measure, it seemed to be wholesome weeding out the unhealthy growth in the field of co-operation. The cancellation of societies in large numbers at present would not have been necessary at all, if the audit and supervision had been satisfactorily made by the staff appointed by the Department for the purpose. Societies there were that had not been inspected by the Inspectors continuously for years and which had not received any instructions from them as to the conduct of business and the change in the rules and bye-laws effected from time to time. In the case of many societies liquidation had proved to be a great hardship, for such liquidation affected equally the punctual and the unpunctual members. It discouraged the movement greatly and he was of opinion that the winding up of societies must be few and far between and recourse should be had to it only in the case of societies where extreme fraud had been committed by the Panchayet and which were beyond correction or control. It had been clearly asserted that supervision should be dissociated from audit, the former being undertaken by private agencies and the latter by Goverment. Co-operation was a concern which the people must work for themselves; and only then it would be realised that the movement contained the germs of a healthy spirit of local self-government. There was a general demand from many vilages for the organization of societies and it was time that honorary organisers or associations of propagandists should be started to go about and form societies in suitable centres.

Mr. V. Venkatasubba Aiyar, Secretary of the Srivilliputtur Society, proposed Mr. C.N. Krishnaswami Aiyar to the chair. Mr. R. Lakshmana Aiyangar Pleader from Sivaganga, in seconding the proposition observed that this was the first time that a non-official co-operator was asked to preside over the deliberations of this Conference, the three previous ones having been presided over by officials. He also referred to the selfless work of the President-elect in the cause of co-operation in the district of Coimbatore. The proposition was carried by acclamation.

The President's Address.

Mr. C. N. Krishnaswami Aiyar, was then formally installed in the presidential chair and after being garlanded he rose amidst cheers and delivered a lengthy address in Tamil which was both interesting and instructive.

The President in the course of his address said:—Co-operation was born of the strife between capital and labour in the West. It was nearly seventy five years old and it was introduced into India by Government about thirteen years ago. The strife in India was between agriculturists of limited or small means, and capitalists called sowcars. The Government of India had been for over thirty years trying to release the agriculturists from the clutches of the sowcars and passed several acts such as the Deccan Agriculturists Relief Act, the Land Improvement Act, and the like but in vain. At length under Lord Curzon's regime the first Co-operative Act was passed, and Registrars were appointed in various provinces, and societies started. At one time the Government of Madras professed that there was no sowcar question in the south, but the presence of nearly two thousand credit societies organised and brought into existence in the course of these thirteen years showed a different state of things. The Indian character had been proved to be perfectly capable of benefiting by co-operative methods and the success of the credit movement was no longer uncertain or doubtful. There were doubtless a few wrong features discovering themselves in the progress of the credit societies but they could easily be removed provided people learnt to help themselves better than they were doing. The chief means were, organising of local unions and district banking unions to control them. But the more important duty of the co-operators of this Presidency was to organise societies for purposes other than credit. Agriculture, for instance, badly needed the help of co-operation: and according to Mr. McKenna in his recent book on 'Agriculture in India,' the possibilities of closer union between co-operation and agriculture were many and manifold. For instance, ryots could easily adopt reformed methods with the help of credit obtained from co-operation or going for costly implements which individually they could not buy. Further more they could combine for the purposes of supplying themselves with seed or manure or things of that kind and also for the purpose of common sales. Dairy was loudly demanding attention and it was time to organise with the help of rural credit societies, the supply of milk, butter milk and ghee to growing towns and cities. It was also necessary to attend to the middle and poorer classes of the urban population in respect of the supply of provisions and dwelling houses. In other words there was the strongest need to multiply stores and building societies. The material advantages of the development of co-operative work were not in the long run so valuable as the moral improvement which it brought with it. In other words, the aim of every co-operator must be to improve the character of the individuals severally and collectively and educate everybody towards thrift, self-help and enlightenment. Education must be considered the sheet-anchor in the progress of co-operation. Happily the Indian character was based upon very sound traditions and therefore certainly capable of forward movement. For instance co-operation required evey man to rely in his own self for permanent improvement; and the best "smrithi" of this land had for centuries been teaching the very same thing. Again, co-operation meant sympathy with one's own neighbourhood and perhaps beyond. They had it from Manu that the best preparation for Swarajya was by means of such sympathy actively exercised and based upon self-sacrifice. Lastly co-operation meant an honest method of thriving and the Vedic songs were over and over calling upon people to grow wealthy by the best means possible.

If people with such traditions behind them were not fit for co-operative work the speaker knew not where else they were going to be found. They might all therefore cheer up and gird up for the rights and move hopefully onward and success was bound to be theirs and under God's providence this ancient land was bound to prosper with the help of co-operation all round.

After the President had delivered his address the reports of some societies were read.

Mr Ananda Rao of the Vadamalapuram Society in the course of his report said that this was a purely agricultural society, and it was started in 1913. The number of members on the rolls at present was 46. The shareholders were entitled to a profit of Rs. 140 last year but they had reserved it for the purchase of agricultural implements for common use. In passing orders on the working of the Co-operative Societies in the Madras Presidency the Government observed: "The system followed by the Vadamalapuram village society of purchasing wood in bulk from the Forest Department for the benefit of members represents a new departure which seems worthy of imitation in those localities where the difference between the whole-sale and retail prices of timber and fuel are considerable."

Mr. V. Venkatasubba Aiyar gave the report of the Sirvilliputtur Society while Mr. Sundara Raja Aiyangar, that of Watarp Society.

Second Day's Proceedings.

The Conference re-assembled the next morning to discuss the Resolutions drafted by the Subjects Committee. The President Mr. C. N. Krishnaswami Aiyar presented money prizes to two members of the Vadamalapuram Non-credit Agricultural Society, for punctuality in the payment of loans taken from the society and for regular attendance of the meetings of the Panchayet. Mr. Ananda Rao, the President of the society who offered these prizes observed that punctuality in the repayment of loans and regularity in attendance of meetings were things, the importance of which the members did not sufficiently realise; and he therefore instituted prizes for the best persons so that it might be an incentive for their further improvement and could form an object lesson for other members to follow. Ganglu Naick and Venkatasami Naick were the recipients of these prizes.

Mr. Lakshmana Aiyangar read a paper on the subject of "Village and Co-operative Societies." He enumerated the advantages resulting from the existence of Co-operative Society in a village and made special reference to the reclamation of Kallers in the Usilampatti Taluk of the Madura District through co-operation. In olden days, he said panchayats were powerful organizations and did all the administrative business in the villages. There was now an incessant talk of Home Rule and Swarajya and in order to show that they were fit for all that, the old panchayet system should be revived by starting co-operative societies in every important village.

Mr. Thathaya Chettiar spoke on the necessity for observing strict punctuality in the matter of repaying loans to the society.

Resolutions.

The Conference next proceeded to discuss the Resolutions in the agenda paper. The first six resolutions were moved from the Chair. They prayed for the speedy termination of the war, and the success of the British arms; regretted at the loss the co-operative movement had sustained in the demise of two veteran co-operators Dewan Bahadur M. Adinarayanayya and Rao Saheb K. Vijayaraghavachariar; requested the Government to permit post-offices to accept fractions of an anna in money order remittances by societies as it is done in Bombay; to entrust all minor sanitary works in villages to respective co-operative societies for execution; to modify the Local Boards Act so as to allow the Panchayatdars to compete for elections of Taluq Boards and Union Panchayats and to amend the religious endowments and Trusts Acts to enable the local bodies, Municipalities, Court of Wards and Temple Committees to deposit the amounts held in trust by them in the Co-operative Societies and Banks.

Mr. R. Lakshmana Aiyangar moved the next resolution which related to the appointment of a Committee to devise ways and means for forming supervising unions, to scrutinise the accounts of the societies from time to time and to be as consulting bodies with a view to have efficient management of the societies. Mr. V. Venkatasubba Aiyar seconded and it was passed.

Mr. T. S. Narayana Aiyangar proposed the resolution requesting the Central Bank to maintain its accounts, chiefly Cash Chitta and Admission Register, in Tamil so that the representatives of rural societies might inspect them and easily know and understand the true state of occounts. Mr. Ramanujalu Naidu seconded and Mr. A. Srinivasa Chari supported it. Rai Saheb K. Ramasawmi Aiyar, Secretary of the Bank, said that personally he had no objection to maintain the accounts in Tamil, if he was directed to do so by the general body of Directors of the Bank. But he would like to point out that a large number of individual shareholders and societies wished that the accounts of the Bank should be kept in English only. Moreover nearly seven lakhs of rupees were deposited in Bank by various public bodies and the depositors among whom were Europeans, Vakils, Missionaries, and up-country men, often went there and inspected the accounts books. If they were maintained in Tamil, he was strongly of opinion that no deposits would be forthcoming from them. The Resolution was put to the meeting and declared carried.

The next Resolution was moved by Rai Saheb K. Ramasawmi Aiyar urging on the Central Bank the necessity of starting more non-credit agricultural societies in the two districts. This was seconded by Mr. Gopalasami Naik and carried.

The last two resolutions reiterated those passsd at the previous conference, that conferences of groups of societies should be held at different centres and that the Reserve Fund should carry interest at the rate of six per cent.

President's Closing Remarks.

The President then made a few concluding remarks in the course of which he said: He had heard from other places that co-operation had spread rapidly in the District of Madura and that societies there were doing good work. After visiting this Conference he came to the conclusion that the praise bestowed upon Madura was quite justified. The success of the co-operative movement so far, had been mainly due to the few enthusiastic and self-sacrificing persons found in every district, and he wished that their number would swell such, that the benefits of co-operation might be extended far and wide in the country. He came to know from some of the supervisors on special duty in this district that a number of societies were on the verge of liquidation. This was a regrettable state of things and he asked the members of other societies to take an intelligent and lively interest in their working and not to do any thing that would reflect discredit on the society or hamper the progress of the mevement. It was true that some over-enthusiastic co-operators in the early days started societies in hurry and haste at places where there were not competent men to manage them, but he fully hoped that such mistakes would no more be repeated. The co-operative movement as it was true of other movements must always be progressing; and if it did not move forward, it had to go backward. Hence efforts must be made by those responsible to start more societies and to increase the membership in the existing ones. The influence of co-operation in the gradual elimination of the ryots' thraldom to the sowcar had been marked; and he wished that it should penetrate deep into their social life. When the war was over and when the Government would be in a position to advance large sums of money to the Co-operative Societies under the Land Improvement Act, he was confident that the ryots would derive greater advantages and their indebtedness would be materially reduced. The President pleaded for the organizing of non-credit agricultural societies to supply the members with manures, seed grain and agricultural implements to collect their produce during harvest times and to find good markets for them. He made particular reference to the organizing in villages of dairies on co-operative lines and sanitary principles and deprecated in strong terms of the evil custom of adulteration. In conclusion, he thanked the Reception Committee for giving him the honor of presiding over the Conference and for all the arrangements that they had taken trouble to make in an out-of the-way place like Watrap.

Dewan Bahadur L. D. Swamikannu Pillai, Registrar of Co-operative Societies, offered a few words of exhortation. He commended the energy and public-spirit of the Watrap people in having invited the Conference and successfully conducting it. Conferences of this kind, he said, were of great educative value and he wished more of them were held in different village centres. The resolution that they had adopted for forming supervising unions was a very important one and hoped it would be given effect to soon. He impressed on all those present the great necessity there is, for the members of the societies to learn the details of their working and implored the educated to turn their attention in that direction. They should not be merely bent upon exercising privileges and authority, but on the other hand should try their best to spread knowledge and education, remove ignorance and rectify defects whenever they might be found. They should so reform themselves as a body that there could be no need hereafter for liquidation, dissolution or winding up of societies. He would admit that many societies had at present to be liquidated owing to the lack of supervision and audit; but he would say at the same breath, it was also due to the absence in such societies of men of character and integrity who would discharge their duties duly and well. Therefore the brunt of the work in putting the village societies in the way would have to be borne by the supervising unions. After the usual vote of thanks and the distribution of flowers, the Conference was dissolved.

THE THIRD KISTNA DISTRICT CO-OPERATIVE CONFERENCE.

The third Kistna Disorict Co-operative Confernce was held at Bhimvaram on 19th March 1917 under the Chairmanship of the Collector of the District, Mr. A. Y. G. Campbell I. C. S. There were 105 delegates from 47 out of 127 Societies in the District and the requirements of the delegates in this out-of-the-way station were carefully attended to by a Reception Committee of which the Chairman was Mr. P. Sivaramarazu of Yendagandy Village. The Razus who are Kshatriyas figured largely at the Conference.

After the usual welcome address delivered by the President of the Reception Committee, the election of Mr. A. Y. G. Campbell, I. C. S. by Chairman of the Conference was duly proposed and assented to by acclamation.

In declaring the Conference open the Chairman said:—Gentlemen, I see that the next item in the programme after the opening address of the President of the Reception Committee is "opening remarks "by me as Chairman but I believe I am following the usual course in reserving for the end of this Conference any remarks. I have to express my special gratitude to you for so kindly asking me to preside on this occasion; I need hardly say that it is a very great pleasure to me to be among you to-day. I feel that this movement which is fraught with such immense possibilities for the agricultural improvement of the country is advancing on sound lines, for it is a movement in which, I believe, people are showing considerable interest. I must express my special gratitude to the Reception Committee for so kindly altering the date of the Conference in order to suit my convenience. I had to make the request owing to circumstances beyond my control and hope none of you has been put to inconvenience by the change of date. I am very glad that notwithstanding the change so many of you have been able to be present here to-day.

I now ask Mr. Nageswara Rao to read the report on the general progress of the movement in the District for the past year.

The following extracts from paper read by the Assistant Registrar of Co-operative societies, Mr. Nageswararau Pantulu :—

The number of Societies in the District rose from 87 at the end of the last Co-operative year ending with 30th June 1916 to 127 on this date; thus we were able to organise and start during the past eight months as many as 40 new societies.

M. R. Ry. Alluru Remarazu Garu, B. A, to whom our particulur thanks are due, organised 27 societies, M. R. Ry Gudipati Venkata-Chelapati Pantulu Garu, organised seven societies, M. R. Ry. Daniel Swamidass Garu, Honorary Organiser of the Y. M. C. A. organised two, and the Department was responsible for organising only two. The Honorary Organisers had training in Co-operative work, and the societies oganised and started by them are in good working order. These gentlmen not only start societies but also look after them with anxious care and frequent attention.

There are 34 societies in Bhimavaram Taluk :—26 societies in each of the two Taluks of Gudivada and Kaikalur, and 18 in Tanuku Taluk: the remaining societies are distributed as follows :—Bandar Taluk, 7. Bezwada Taluk, 4. Nandigama Taluk, 4. Ellore Taluk, 4. Divi Taluk 2. Narasapur Taluk, 1. Nuzvid Taluk, 1, There is one Central institution at Masulipatam, namely, the Kistna District Co-operative Bank, Ltd., which is the financing institution for all the societies in the District. There are three Supervising Unions at Kaikalur, Gudivada and Bhimavaram in full working order ; a fourth for the societies in Tanuku Taluk is almost ready for being started on its work.

There are 11 non-agricultural credit societies in the District, better known as Urban or Town Banks. Of these, the four Municipal employee's societies at Masulipatam, Ellore, Bezwada and Gudivada are meant for the scavengers and low paid menial servants in those towns. The Bezwada Government Servants' Co-operative Society is meant for the Government Servants in the District. There are three societies for the employee's of the C. M. S. Mission at Masulipatam, Bezwada and Ellore. The remaining three are Town Banks at Gudivada, Ellore and Jaggayyapet respectively.

Lastly, there is one non-credit Society in the District. It is the Gudivada Co-operative Stores. It is but one year old and is working fairly well.

Almost all our Societies are in the Kistna and Godavari Deltas. The joint purchase of manures in bulk, joint production of seedlings, joint purchase of machinery to save labour in preparing the land, in reaping, and in threshing the grain, and joint sale of the year's produce, are some of the ways in which co-operation may be brought into play. Again, Co-operative Stores on a small scale may be opened to serve the needs of a village or group of villages, and thus effect a saving of exorbitant prices paid to local dealers

As regards the depressed classes, we have done fairly good work in this district. In the urban areas, we have societies for scavengers and toties and the loans and advances made to them have enabled these poor people to free themselves from thraldom to money londers and petty shop keepers and to lead lives of self-reliance and contentment.

In the rural tracts, we have as many as 17 societies whose members are solely or largely Panchamas. Some of these societies are in fair working order and some are bad. The special attention of the Department as well as of the Unions is now being devoted to bettering the condition of the bad societies.

The total number of members in one hundred and eleven agricultural credit societies at the end of the last Co-operative year *i. e.* on 30th June last, was 2,702 ; at this date the number is 4, 197 ; that is, the number has nearly doubled itself in 9 months. Generally the rule is that only one member in a joint family can be a member in a Co-operative Society since he alone can get a loan. Taking the average number of members in a family to be 5, the benefits of Co-operation may be said to have been extended to 21,000 persons out of a total of 17,44,000 for the District : this is as yet but an insignificant proportion.

Share-Capital:—The amount under this head on the 30th June last was Rs. 19,092. At this date it stands at Rs 33,489. The figures for the Taluks having more than 20 societies each are given below for purposes of comparison :—

Taluk.	No. of members.	Paid up shares capital.
Bhimavaram	1,213	Rs. 5, 912
Gudivada Taluk	1,093	„ 14,668
Kaikalur Taluk	1,119	„ 8,824

These figures mean that each member in Bhimavaram Taluk contributed less than Rs. 5 on an average to the share capital of his society ; while in Gudivada Taluk, the figure goes up to Rs. 14-8-0 ; and even in the Kollair-stricken Kaikalur Taluk, the figure is Rs. 8. The absurdly low figure against Bhimavaram Taluk will become the more striking when it is mentioned that, with a paid up share capital of hardly Rs. 6,000, the societies in that Taluk have borrowed Rs. 2,00,000 in round figures.

Deposits :—This year, the society at Mahadevapatnam had a local deposit of Rs 2,900 and this is the only appreciable addition under 'Deposits' from non-members in all our Agricultural Societies.

Loans to Members :—160 loans were issued to societies in the District by the Kistna District Co-operative Bank Ltd., Masulipatam, during the past 8 months. The tightness of the market, consequent on the restricted service of trains and steamers, and the resulting poor outlet for the year's produce tended to raise the rate of interest outside the societies to a considerably high pitch ; the consequent rush on societies for loans in order to tide over the present crisis was very great, and it is gratifying to note that the societies met the requirements of ryots with promptitude, and to the full.

Defaults :—Some societies in Kaikalur Taluk and a few Panchama societies in Gudivada Taluk head the list as the worst defaulters.

At the end of the last co-operative year the percentage of unrecovered balance to the demand was 38 under principal, and 33 under interest. Government animadverted strongly on these heavy balances. I beg to repeat once more my exhortation to all the co-operators in the District to observe more punctuality in keeping up their obligations to their societies.

During the current year, two societies in Kaikalur Taluk, namely those at Narasayapalem and Achavaram, had grain transaction. They purchased grain for Rs. 1,000 each at the last harvest and stored it and lent it out to members in the months of August, September, October and November on condition of its being repaid in the months of December, January and February when the harvests are on hand. Such grain loans form a very noteworthy economic feature in Kaikalur Taluk.

One noteworthy feature about our Disirict Bank is that as many as 70 societies became members in it by taking shares, and their representatives are entitled to vote at its general meetings ; their number exceeds the number of individual share-holders and thus the Bank is truly Co-operative in its character. As it is, it is the Societies that are in the majority, and not the individual share-holders.

The delegates of the following eleven typical societies then read their reports for the year 1915-1916. 1. Rayakuduru C. C. S. 2. Srungavruksham C. C. S. 3. Palakoderu C. C. S. 4. Mahadevapatnam C. C. S. 5. Gudivadauban Co-operative Bank. 6. Gudlavalleru C. C. S. 7. Cowtram C. C. S. 8. Prattipadu C. C. S. 9. Narasayapalem C. C. S. 10. Pippara C. C. S. 11. Kaikalur Taluk Co-operative Union Ltd.

Resolutions.

About twelve Resolutions were dealt with, the result being that one was withdrawn another was lost in voting and the following were carried *nem con* :—

1. This Conference fervently prays for the success of the British Arms and of the allies in the terrible world war now going on.

2. This Conference resolves to urge upon the members of Primary Societies and the general public to utilise the Societies not merely as loaning concerns but also as places for depositing their savings and thus render them independant of help from Central Banks. Proposed by M. R. Ry. Attili Peda Venkataratnam Garu; seconded by M. R. Ry. Talluru Sitaramayya Garu of Cowtaram.

3. That this Conference exhorts the members of all Primary Societies to observe strict regularity and punctuality in the repayment of loans obtained by them.

4. This Conference resolves to request the Government to make the Sub-Treasuries available for the transmission of money from Primary Societies to District Banks and vice versa and that the existing limit of Rs. 150 on cash-orders be removed. Proposed by M. R. Ry. Penumatsa Ramachendrarazu Garu; seconded by M. R. Ry. Bhogarazu Viravenkayya Garu.

5. This Conference is of opinion that the facilities already accorded by empowering the Assistant Registrar to decide disputes are not sufficient to meet fully the present requirements, and it therefore requests that the power of executing decrees also be given to them as in the case of suits under the Estates Land Act, so that the delay consequent on the present practice of executing decree through the District Munsiff's Courts may be avoided. Proposed by M. R. Ry. Penumatsa Suryanarayanarazu Garu seconded by M. R. Ry. Gudlavalleti Venkataratnam Garu.

The proposition was warmly discussed; it was opposed by Mr U. Adinarayanamurty Garu and supported by certain members; in the end it was put to the vote and carried.

6. This Conference requests the co-operation of the Public in forming Co-operative Societies in forms other than credit.

The Chairman, in putting the proposition to vote, commended the formation of Societies for building, production, cattle breeding and cattle insurance besides stores, of which there was already one example in this District. He referred to the observations of the Hon'ble Mr. Gillman, who in presiding over the 5th Madras Provincial Conference in December 1916 remarked that India had prospects of a very good trade after the war with Russia, France and the allied countries but that the exports of Indian raw products, especially ground nut and cotton, suffered from adulteration, watering &c. If production was taken up by Co-operative Societies on a large scale, the purity of goods could be guaranteed and profit to agriculturists would be ensured.

7. This Conference recommends that the Local Boards be moved to utilise the Panchayats of societies more freely in the execution of local Sanitary works. Proposed by M. R. Ry. Nallaparazu Venkataraz Garu seconded by M. R. Ry. B. V. Subrahmanyam Garu.

8. This Conference considers it highly desirable that service on the Managing Committees of Co-operative Societies should form a qualification for voting and for candidature for seats in Local Boards and Municipalities. Proposed by G. V. Chelapati Garu; seconded by Kallakuri Narasimham Garu.

9. This Conference is of opinion that an Indian should continue to be in charge of the Co-operative Department and that more Officers of Andhra nationality should be trained as Assistant Registrars. Proposed by M. R. Ry V. Narrayana Row Garu; seconded by Tadikonda Kristnamurty Garu.

10. This Conference re-affirms that the Indian Trusts Act should be so amended as to permit the investment of trust funds in Co-operative Societies. Proposed by M. R. Ry. U. Adinarayanamurty Garu; seconded by M. R. Ry., S. Someswara Rao Garu.

CHAIRMAN'S CONCLUDING REMARKS.

Delegates and Gentlemen,

The business of your resolutions is now finished and I am asked to make my concluding remarks. To any one who takes up the position that has been assigned to me to day, it occurs naturally to ask himself; "but what really useful purpose is served by such a Conference?" Gentlemen, having listened to your proceedings to-day, I have not the slightest doubt that this Conference has served a really useful purpose in this District. It has been the means of bringing together a large number of those who are engaged in various activities in the co-operative movement throughout the District. It also serves to bring the advantages of the movement before a wider public than was before acquainted with them. The Chairman of your Reception Committee in his address not only welcomed the delegates but dealt generally with the position of the co-operative movement from what we may call the inside point of view. Some of the more noticeable and general features of Co-operative Societies in this District were then dealt with by the Assistant Registrar, Mr. Nageswara Rao Pantulu in his interesting report, which, looking at the movement from the official point of view, awarded the mead of praise in certain quarters where it was due, and the mead of blame in others. Then this afternoon, there was placed before the Conference a number of resolutions, and I may notice that those resolutions were not mere formalities, but were the result of genuine discussion in the Subjects Committee. The very absence of unanimity in the acceptance of some of the resolutions was instructive; for one resolution had to be withdrawn by the delegate who proposed it, and another was lost when it came to vote. That shows that the Conference serves a really useful purpose and that Co-operation is a really live movement, not a merely social affair arranged for pleasure.

I find that in the past it has been usual for the President in his remarks to deal with the resolutions which have been passed at the Conference. I do not feel competent to criticise your resolutions because I am lacking in experience of Co-operative Societies and in fact I came here with the object of getting into closer touch with a movement which is fraught with good for the people. It seems to me, however, that it will not be amiss for me to draw attention to certain broad principles which we must bear in mind if we are to do good by means of the movement. To begin with, Co-operative Societies are to a great extent business societies, not altogether charitable institutions, and we want them to be independant of Government aid as far as possible. Next as regards the resolution which I moved from the Chair regarding the desirability of organising Societies in forms other than credit it seems to me that every such society must deal with credit in one form or another. Again, although the number of societies at present is small, we hope that in course of time it will be very much larger, and that where there are now just a little over 100 societies, there may be thousands in the years to come. We shall do well to remember this and to avoid asking for concessions which it may not be practicable to maintain when thousands of societies have been established. I refer to the concession asked for in the matter of making Sub-Treasuries available for the transmission of money. If we had five thousand societies, it would be impracticable, without a large amount of additional work and expense, to keep the large sums of money that would then be required in Sub-Treasuries and I doubt whether the Government would be prepared to accede to this proposition which on other grounds also appears to me to be hardly practicable.

Then there are other resolutions bearing on questions which affect yourselves and the internal working of societies, e.g., the failure of members to repay loans with interest. This is a matter which affects the credit of societies and it is right that you should do all you can to maintain the credit of your societies. Those who are responsible for financing your societies will naturally prefer to lend money to those societies whose share capital approximates to one-tenth of their working capital than to those where the proportion is only one-fiftieth. The resolution on this subject was no doubt lost for want of a majority, but all the same it is well to keep it in view.

A similar remark may be made with reference to the resolution that societies should be used for deposits and savings rather than for mere loans, because the financing bank is more likely to lend money to a society where it knows there are large deposits than to one where there is no deposit, as is the case with most societies in this district.

I am sure we are all indebted to the Registrar of Co-operative Societies for coming all this way in the heat of March to assist in our proceedings and we are no less indebted to the Assistant Registrar and to the Reception Committee. It is, I hope, a good omen for this Town Hall that we hold in it our Co-operative Conference to-day, for it leads one to hope that by Co-operation it may be possible to finish the Town Hall before long.

In concluding, I will say just one word on the educative effect of Co-operation. It teaches us to do all we can for our neighbour. In the past, in India, it was regarded as meritorious to build temples and endow chatrams. In the West, it was regarded as equally meritorious to build Churches and endow Monasteries. The conditions of the world have changed and there is now a wider outlook in every direction which is the natural result of the increase of trade and knowledge. It is now recognised both in the East and in the West that the most meritorious thing in the world is to render all the assistance we can to those less fortunate than ourselves; and the blessings of wealth, education and influence, that some of us may possess, are regarded as imposing on us a corresponding duty for the benefit of the poor and depressed classes. The Co-operative movement gives us an opportunity for carrying out these duties; and by financing the societies and still more by supervising them, we realise the general educational effect of the Co-operative movement which teaches us to serve others to the best of our ability.

The Proceedings terminated with vote of thanks to the Chairman, the Reception Committee, the Registrar and Assistant Registrar.

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APPENDIX.

THE PUDUKOTTAH FIRST CO-OPERATIVE CONFERENCE.

After the formal opening of the Pudukottah First Co-operative Conference by Mr. S. Burn in March last the numerous delegates read the reports on the working of their respective Societies, after which resolutions were considered.

Resolutions.

There were in all eighteen resolutions discussed and passed, of which the more important of them are given below:—

The first resolution hoped for the speedy termination of the war and for the decisive victory of the Allies.

The second and the third resolutions thanked the Durbar for its sympathetic interest in the co-operative movement and Mr. M. K. Venkatachari for his labours encouraging its progress.

The fourth resolution prayed for the spread of the movement by the issue of leaflets, tracts and so forth and to arrange practical demonstrations in the various parts of the State to which the movement has not spread already.

The resolution was moved, seconded and supported by Messrs. A. Mahalinga Iyer, G. Sundaresa Sastri and E. Bhujanga Rao, but when it was about to be put to the vote Mr. Venkatavaraha Dikshithar opposed it, on the ground that the essence of co-operation would be lost if the Sircar were to help them. The Society might set apart certain sums every year to carry on the work. The freedom of the Societies would be curtailed if the Sircar published any matter concerning them.

The President wished to know whether there was any one to second Mr. Dikshithar and nobody coming forward, he put the original proposition to the vote and declared it carried, Mr. Dikshithar dissenting.

The seventh proposition suggested that the Registrar of Co-operative Societies in the State might start a Central Bank and Co-operative Unions for pushing on the work more vigorously.

Before adjourning for lunch, the Dewan addressed a few words to those present. He assured the delegates that the Durbar was always ready to back up the movement with money, advice and co-operation, and, if, in any instance the members found the Durbar hesitating, they should not think that it was due to indifference or apathy, but to its anxiety to assist the more pressing needs of the State. His Highness, whose interest in these movements was something of a second nature, had commanded the Durbar to do all that lay in its power to advance the movement, and that the Durbar was ready to do so as funds permitted.

The Conference re-assembled after lunch when the ninth resolution was proposed, which asked the Durbar to permit Co-operative Societies to undertake tank repairs and other public works, whenever any Society displayed willingness to execute such works in its jurisdiction.

The eleventh resolution ran as follows:—"That with a view to encourage trade and industry in the State by financing them, this Conference requests the Durbar to form a State Bank, on the lines of the Mysore Bank"

In moving this proposition, Mr. G. Sundaresa Sastrial spoke of the material advantages it would confer on the people and pointed out that much of their money which found its way out of the State would remain within it.

Mr. Venkatavaraha Dikshithar opposed the proposition. He said that it was quite inappropriate to pass a resolution which aimed at creating a sort of Commercial Bank, having always an eye on making a profit quite detrimental to the interests of Co-operative Societies which merely aimed at co-operation and not profit. There was the Town Bank, for instance, with enough money to finance the concerns he mentioned, but the difficulty was to find possible investments. If there was a State Bank, the Town Bank would suffer. People when they found that there was a State Bank would not care to invest their money in the Town Bank, because the State offered better security. The formation of a State Bank in British India was still an open question and until that was decided upon, it would be premature to think of having one here.

Mr. G. Sundaresa Iyer, Secretary of the Town Bank, in seconding the original proposition, said that nobody had said that there should be no State Bank for India. Opinion was divided. The Presidency Banks did not want a State Bank, as they thought that it would kill their concerns, but the Indians wanted one.

After some further discussion the original proposition was put to vote and carried, Mr. Dikshithar dissenting.

Some more resolutions were passed, after which Mr. Ramamurti Iyer, on behaf of the co-operators and agriculturists of the Kolatur Taluq, invited the Conference to hold its next session at Kiranore.

In dissolving the Conference, Mr. Burn made a short speech, in the course of which he observed:—You know that the Durbar is always willing to help you in your difficulties and it is not necessary for me to say more. Much of the time of the Conference would have been saved if you had only restricted the discussion to subjects that concerned co-operation. The question of having a State Bank is a fascinating one. I am afraid we cannot decide this question in a moment, as it requires very careful consideration. I have been very glad to come here and I have been delighted to see so many of you. I am glad that you have proposed to held the session yearly.

Mr. K. S. Rama Chandra Iyer proposed the usual vote of thanks to the President. The President was then garlanded amidst cheers, and the Conference dissolved.

The War Loan.

Before dispersing, Mr. Sidney Burn said that he wanted to say a few words on the Indian War Loan. He pointed out that von Hindenburg was saying that Germany was retreating to achieve victory. He (Mr. Burn) said that he never knew till then that retreating meant victory. Every one knew that advancing indicated progress, but nobody knew till then that retreat also meant progress. It was German *kultur* throughout. Indians had a good opportunity to help the Empire and the causes of righteousness and civilisation by purchasing for Rs. 7-12 a ten-rupee certificate, and Nattukottai Chetties should be in a position to subscribe lakhs. But if a large number of small investors came forward to invest their mite, it would create an impression. Personally he had decided to invest his savings which were not much, in the War Loan; and he requested them all to do what little they could in the matter.

This was explained to the audience in Tamil, after which with three cheers for Their Highnesses the Rajah and the Rani, the Yuverajah and his Imperial Majesty the King Emperor, the gathering broke up.

THE USILAMPATTI CO-OPERATIVE CONFERENCE.

President's Interesting Address.

For the first time in the Kallanad, a Co-operative Conference was held at Usilampatti on 30th April last presided over by Mr. C. S. Anantarama Aiyar, Revenue Divisional Officer. The Conference was attended by more than three hundred delegates from the Kallar area. Dewan Bahadur L. D. Swamikannu Pillai, The Assistant Registrars Messrs. Venkatachari, Arulanandam Pillai and Meenakshisundaram Pillai, and Rai Saheb K. Ramasami Aiyar were also present. The Conference assembled at 2 o'clock and Mr. J. A. Vedanayaga Thevar welcomed the audience in a short speech. Mr. C. S. Anantarama Aiyar next delivered his presidential address which was an interesting and instructive one. In the course of his speech the President said:—

I am a Co-operative stranger to you all, but in the short time that I have been in your midst, I have been able to realise what wealth of human material there is among you which awaits development and improvement. At the first glance one would think that this is a most unpromising field for the cultivation of co-operative ideas. The reputation that the community has managed to build up during the last centuries is not flattering. In the opinion of the outside world, thrift, honesty and mutual credit are unknown factors in the life of the Kallars. And I am afraid that the actual superficial history of the movement among the community here lends colour to that view. For the movement began with a blaze in the year 1910-11 and shone through the next year but thereafter there was only the smoke of the blaze to be seen. During the last three years especially there has been no progress whatever. And want of progress in a movement like this is retrogression. There are at present only thirty Kallar Societies, though the number of Kallar villages is about 88. This shows that we have not yet touched the fringe of the problem. I am told that these members have borrowed enormous sums of money much more than they can easily repay and distributed the loans in a most reckless manner, allotting the larger shares to the members of the managing committee and their relations and neglecting the needs of the other less favoured members. And then the worst defaulters among the members are these same members of the managing committee. This shows that the selection of managing members has not been very fortunate. I have known cases in which a president of one society was charged in the criminal court with cheating or misappropriation of money, another in which the president was brought up by the police as a habitual thief. Four societies have had to be liquidated for persistent default in repayment of loans and the history of the attempts made by the officers of the department to teach them better things will be a sad story. Such being the general outlines of the history of these societies for the last seven years, it is no wonder that the societies have not succeeded in enlisting the confidence of the villagers. Thus the number of depositors in these societies is insignificant and the amount deposited last year was only Rs. 1,330, an amount which any two villages will raise in a minute for a rousing jellicut or for contesting a petty criminal case caused by faction in the villages. While the total membership last year was only 1868, the total number of loans was 2,459, which shows that most of the members have taken more than one loan. The total demand in principal at the end of last year was Rs. 40,470, out of which Rs. 38,392, or more than 90 per cent. was overdue. The total default of all these societies comes to Rs. 1,02,535 under principal and Rs. 29,678 under the interest. In other words borrowings have been pretty free but repayments have been the rarest of exceptions.

Now these facts seem to justify the fears of the outside public about the success of the movement among the community. But it seem to me that this is doing less than justice to the community as a whole. In the first place there are very few rich people in this community. They are all very small pattadars and individually have very little credit in the money market. Thus they are the people for whose benefit this movement is specially created. Then they are a wonderfully compact community. They have still a very large measure of corporate life in their villages. They are conversant every day with the working of the village and caste panchayets which settle disputes of all sorts, which arise in the villages, from payment of blood-money for manslaughter to the settlement of a divorce case. Then as among themselves, they are wonderfully honest, and it is recognised that if once a Kalla is put in his honour he may be trusted to any extent. In daily practical life I have in my short experience seen some wonderful examples of co-operative work carried on by these people. To take but one example, which came prominently to notice as I was conducting the jamabandy of this taluk. This year has been one of insufficient rainfall in these parts. Most of the tanks did not receive any adequate supply of water and large acres of land were left waste or were withered. In one village, the village people joined together and baled out the water from all the wells on to the tank and then strictly regulated the use of this water to all the fields under cultivation, making a drop of water to the utmost that it can be made to do and eventually succeeded in raising successful crops throughout the ayakat. That was a remarkable feat of co-operation. There was no complaint, no murmur of the strong man over-riding the weak, the distribution of water was strict, but absolutely impartial. Now a community that can accomplish such a feat has very little to learn in the field of co-operation. The intelligence has simply to be roused and directed to the new developments of this force, and then the men may be trusted to work out their own salvation. There has been persistent failure of crops in some of the villages but that has not made the people understand that they should be thrifty with money or punctilious in honouring old debts in order that they might get new debts to tide over an unlucky year. The fact is that they have not thought about these things. It is this indifference that is at the root of the pitiful history of these societies for the last seven years. And we have now to devise some means by which the economic conscience of these people can be roused. It is perhaps not an easy task, but nothing is easy in the world which requires doing and the reward of success is the happiness and well-being of a community which has had an interesting history behind it and may have an honourable and useful career before it.

The Government are trying various means to improve the lot of the community. They are given preferential claims to lands, they are encouraged to settle down to some steady occupation, facilities are being provided for the higher education of their children, but all these efforts will be unavailing if the best man and the best intellects in the community do not realise their responsibility and educate their community in thrift, honesty and steadiness in character. These are the virtues which co-operative societies are intended to foster and so it behoves all of you to take up the movement and see that it thrives among this community.

Papers were read by Kallars on the necessity for forming a supervising union for Kallar societies and on the impections of the societies in the Kallanad and remedies there for The resolutions passed at the Conference asked for the formation of a supervising union to effectively supervise the thirty Kallar societies, recommended the adoption of the model bye-laws to remedy the defects in the societies, and asked for power for the president to purchase seeds and agricultural implements for the use of the members. Mokkaya Thavan of Ayyampatti and Veeranathevan of Valayapatti spoke about the resuscitation of the wound-up societies and promised to pay half the outstandings of the members before the close of the co-operative year. The Registrar of Co-operative Societies Dewan Bahadur L. D. Swamikannu Pillai exhorted the members of the different societies to pay their dues punctually to the societies and to cultivate habits of thrift and honesty.

The Conference was then dissolved.

THE SECOND GUNTUR DISTRICT CO-OPERATIVE CONFERENCE.

The Second Guntur District Co-operative Conference met on 22-4-17 at Chavali, Tenali Taluk in the spacious and tastefully decorated hall of M.R.Ry. Vishnumolakala Nagayya Garu, a very rich, charitable and public-spirited raiyat of the village. The conference hall and the delegates' quarters formed part of one building which stood in a delightful palm-grove overlooking the village tank and hence the severity of the hot weather which had already commenced did not in any way mar the pleasantness of the occasion.

E. A. Davis Esq., I. C. S., the Collector of the District and the president-elect, having given but short notice of his inability to preside over the conference owing to indisposition. M. R. Ry. Kondavenkatappayya Pantulu Garu, B.A., B.L., High Court Vakil, Guntur, was requested to guide the deliberations of the conference and he agreed to do so most readily and willingly. Mr. Venkatappayya Pantulu is well-known for his culture, patriotism and self-sacrifice. It is he that initiated and shaped the Andhra movement which has for its object the re-generation of the Andhra race. He gave up his profession while he was in the zenith of it and has been doing excellent public work. The people love and trust him and his selection gave wide-spread satisfaction.

Early in the morning on 22-4-17 Mr. Venkatappayya Pantulu was brought in a procession to the conference hall where he was garlanded by V. Nagayya and conducted to his seat amid great enthusiasm. The hall was thickly packed with delegates and visitors who numbered nearly 2,000. Among the distinguished gentlemen present were M. R. Ry. Rao Bahadur C. V. Subrahmanya Sastry Garu, non-official President of the Taluq Board, Tenali; K. Nageswara Rau Pantulu Garu, B.A., Assistant Registrar of Co-operative Societies; L. Sangaweswara Rau Pantulu Garu, Vice President, Tenali Taluk Board and several vakils, teachers and land-holders both in and outside the District. Letters from M. R. Ry. Dewan Bahadur L. D. Swamikannu Pillay Esq., Registrar of Co-operative Societies, Madras; K. V. Raghavachary Garu of Nellore and Mr. Narayana Rao Garu of Musalipatam and others regretting their absence and wishing success for the conference were read.

The Proceedings began at 7-30 A. M., with prayer. The Chairman of the Reception Committee Mr. K. Sreeramulu after welcoming the delegates in a warm and felicitous speech traced the origin and development of co-operation in this district especially in the Tenali and Repalli Taluks and paid a glowing tribute to the immense popularity and sympathy of the Assistant Registrar, M. R. Ry. K. Nageswara Rao Pantulu Garu, which contributed in no small measure for the very satisfactory progress of co-operation in the District. He also pointed out how the Co-operative institutions are not living up to their ideals and attributed the chief defects to the want of Co-operative education and suggested means and methods by which those defects could be overcome.

This was followed up by the election of the president and the reading of verses composed for the occasion describing his selfless labours in the cause of the country. He then rose amidst deafening cheers and in a very lucid, impressive and well-informed speech explained the main principles of Co-operation and their bearing upon the industrial and political regeneration of India and exhorted the people to take increased interest in Co-operation.

The Conference then adjourned to 3 P. M. When the subjects committee met and discussed the resolutions to be placed before the Conference many raiyats took part in the discussion of the resolutions and in doing so showed a knowledge of affairs which testified how they were advancing with the times.

The president in his concluding address expressed among other things his appreciation of the part played by the raiyats in the Conference.

The proceedings were brought to a close with a vote of thanks to the President and the Reception Committee for the excellent arrangements made and the audience some of whom attended the conference at considerable self-sacrifice.

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APPENDIX A.

PAPERS CONTRIBUTED TO THE FIFTH MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE.

[The Editorial Committee are not responsible for the opinions of the contributors.]

1.—EDUCATION OF THE MASSES IN CO-OPERATION.

[BY M. R. RY. C. GOVINDA PILLAI, AVL., B.A., B.L., REGISTRAR OF CO-OPERATIVE SOCIETIES, TRAVANCORE].

I offer no apology for reverting to a subject to which attention has been directed in one form or another at almost all of our conferences. The education of the masses in the principles of co-operation can hardly be regarded as receiving a fair share of our attention. The result is that Co-operative Credit Societies have come to be looked upon as institutions from which money can be had at a cheap rate of interest without the expenses of paying for stamps and registration. The fundamental principles upon which co-operation rests are being ignored by the members of societies in their anxiety to borrow. If co-operation is to constitute a force tending to the moral and material improvement of people of limited means, as it undoubtedly is, the inculcation of the benefits of joint action and the advantages of cultivating habits of thrift, self-help and mutual confidence ought to be the chief aim of every society. No society, the members of which fail to keep these objects steadily in view, is entitled to be regarded as helping the cause of co-operation. There is reason to suspect whether sufficient care is being paid by the office-bearers of societies to the enforcement of punctuality in the matter of repaying loans. I am induced to take up the subject by the remarks made by the Government of Madras on the heavy arrears, both under principal and interest, standing against societies in the books of the Central Banks and against members in the loan registers of primary societies. There is no doubt that the European war has to some extent contributed to the inability of the ryot to pay up his dues, but one may hesitate to believe that the war is the sole cause. The tendency to avail themselves of any opportunity that presents itself for explaining away the failure to discharge a duty is a trait which we very often find among our illiterate brethren. The war has been instrumental in supplying them with such an opportunity.

Every agricultural product, except such as are directly shipped to Europe, has gone up in price since the commencement of the war. So far as my experience of the situation goes, in Travancore high prices are demanded and paid for almost all articles of consumption, irrespective of the circumstance whether such articles are the manufactured or agricultural products of India or of foreign countries. Certain commodities such as the products of the cocoanut tree, groundnuts, cotton, etc., which before the war were largely imported by Germany and had therefore gone up unprecedented- price, do not command the pre-war prices. Even with respect to it may be said that the prices now ruling do not materially suffer in comparison with the prices which were prevalent before Germany forced the markets up by her large purchases. It is, therefore, not true to say that the general dislocation created by the war is solely responsible for the increase in arrears in all the Districts alike.

In their Order No. 15, dated 4th January 1916, reviewing the Registrar's Annual Report for 1914-1915, the Government of Madras observe that there is necessity for "drastic action in cases of conspicuous unpunctuality and mismanagement" and welcome the Registrar's contemplated compulsory dissolution of a number of societies. These are words which ought to make every true co-operator pause and ponder. If after a decade of our work in the field of co-operation we should have laid ourselves open to such remarks it is inevitable that there should be some fundamental mistake in our system. It behoves us, therefore, to enquire where the mistake lies and how it can be remedied.

Unpunctuality is one of the worst sins a co-operator can be guilty of. If we but ask ourselves the question whether unpunctuality was ever considered by the masses as a defect of character, much of the blame for the heavy arrears will have to be ascribed to the system which failed to make adequate provision for the education of the masses in the principles of co-operation. How far the inspecting staff has contributed to the present condition of affairs by their remissness in reminding the Panchayat of their sacred duty in enforcing re-payments with punctuality is a question on which I am not in a position to offer any opinion. The tendency of the average ryot is to look upon a delay of two or three months in the re-payment of loan as a matter of no significance. It is also probable that in his eyes a society, which is able to borrow as much as its members may require, cannot experience any difficulty to meet the demands of other members even if he failed to re-pay his loan at the time fixed. He is convinced that he is not guilty of any misconduct so long as he is prepared to pay the interest which is all the society can hope to make by collecting the amount lent to him and disbursing it again to another member.

If the man of limited means has to observe punctuality in his transactions it is mainly thrift that ought to enable him to do so. Those who have cared to watch how this class of the people lived will require no effort to see that if ever anything was unknown to them it was the value of cultivating habits of thrift. The thought of to-morrow does not occur to more than seventy per cent. of them. Unless these people learn to be thrifty the small margin of profit left by their agricultural or industrial avocations cannot be expected to assist them to be punctual in their re-payments, notwithstanding the fact that the loans are charged only with a rate of interest which is far less than that the ordinary money-lender charges. If the ryot is left to himself the chances are that he will not see the impending peril before he is on the very brink of it, whence, perchance, he may find it too late to retrace his steps.

If we expect the general public to grasp the significance of the note of warning sounded by Government we shall be sadly mistaken. The leaders of society will be failing in their duty towards their less fortunate brethren if they did not point out to them the danger that would result to the movement by not laying the warning to heart. I am perfectly aware that the dissolution of a few societies will only have a wholesome influence on the others. When we remember that it is the ignorance of the people and not their wilful negligence that leads to results to be deplored, the situation is entitled to receive the careful consideration and warm sympathy of those who are able to lead. It is not unreasonable to suppose that the caution embodied in the remarks of Government was intended also to remind the educated section of their obligation towards the illiterate.

From paragraph 10 of the Annual Report for the year 1914-1915 we find that out of a total working capital of 142·10 lakhs of rupees the capital contributed by the societies by way of share subscription consists only of 13·69 lakhs, the balance, 128·41 lakhs being amount borrowed. The whole fabric, therefore, rests upon borrowed capital. So long as we are able to command the confidence of the investing public by our business methods we may count upon their support. If we give them room to suspect our capacity for carrying on a banking business on approved lines the heavy responsibility assumed by us will have to be left undischarged. Our reputation for business is the best and perhaps the only form of advertisement for attracting outside capital. Should it be known to the outside world that punctuality in the matter of re-payment is not insisted upon by Co-operative Societies to the extent it is required, no co-operator can have any reasonable ground for complaining against the withdrawal of public support, of which, it is a great consolation to find, the movement now receives a sufficient measure. It ought to be the aim of every member of a Co-operative Credit Society to so conduct himself as to enable his society to merit the full measure of public confidence and support on which, in fact, rests the very life of his society and consequently, of the whole movement. Our duty therefore, is to give our people a training which will help them to regard it their duty not to indulge in habits incompatible with true co-operation.

If in the management of Co-operative Credit institutions we should be found wanting to the extent disclosed in the remarks quoted, what have we to say of our capacity for carrying on other forms of co-operation which require special knowledge and skill? I am neither a pessimist nor an utopian and nothing is farther from my mind than that I should be understood as belittling what has been achieved by us in the field of co-operation. My object in putting what I feel in black and white is to draw attention to the desirability of taking early steps to impart some sort of education to the people at large. A proper education is the only means by which our people can be made to realise that, if they have rights and privileges to enjoy by becoming members of Co-operative Societies, they have correlative duties and responsibilities to discharge.

There is an utter absence of the sense of responsibility in the majority of members of primary societies. Till the work of co-operative education is seriously taken in hand by the educated section of the public, the rapid strides we are making in the development of societies may not materially benefit the masses beyond helping them with cheap capital, which may form an irresistable temptation in the case of many to borrow as much as possible and thus to increase their volume of indebtedness without corresponding advantages. It is probable that more than a hundred societies will have been sent into liquidation in the current year. I hope that circumstance by itself will not be regarded by any one as evidence that in centres where societies have been wound up the people did not stand in need of co-operative credit.

The necessity for some kind of permanent organisation in a proper centre, with branches over all the District, is obvious. Though the need for such an institution was felt at our very first Provincial Conference, no definite move appears to have been made towards the realisation of the idea. If the resolution passed on the subject at the first Provincial Conference has been carried into effect I do not doubt that our societies would have given occasion for the adverse remarks made by Government. There is no time to be lost in taking steps towards the formation of an institution which may be entrusted with the organisation of societies and dissemination of the knowledge of the principles of true co-operation. The important duty of educating the masses ought to be the chief aim of that body and it should be invested with wide powers to devise ways and means by which the object aimed at may be easily achieved. No registered society in the Province will grudge to devote a small percentage of its net earnings for providing the institution with the necessary funds.

I believe there can be no objection in permitting Native States also to be represented on such an institution. It will be a direct inducement towards the healthy development of co-operation in Native States to be thus brought into contact with the movement in the Province. The wide experience and the sound judgment of the veterans in the range of co-operative energies in the Presidency will indeed be a valuable help to the Native States that have just begun to initiate the movement. I have no hesitation that they will accept with cheerfulness their share of the burden in the matter.

2.—SOCIETIES FOR PANCHAMAS.

The following extracts from a letter sent to the Assistant Registrar of Co-operative Societies at Calicut along with the application for the registration of a Co-operative Society for Panchamas organised by Mr. M. Shiva Rau of Puttur will be found very interesting to all co-operators:—

"I have much pleasure in forwarding herewith an application for the registration of a Co-operative Society for the Panchamas of Puttur [South Canara]. I believe the mere mention of the word Panchamas would be sufficient to convince you of the necessity of organising a separate society to meet their peculiar needs and condition. The Panchamas have ordinarily little or no credit to speak of and the extremely low position occupied by them in the social scale renders it almost impossible for them to participate in the benefits of the ordinary co-operative society. It is, therefore, absolutely necessary to have a special society for them managed by themselves and worked without fear or favour from the exclusive upper classes.

"The important point to be considered is the type of society that will best satisfy their needs and condition. The Panchamas are, as is well known, amongst our hardest worked classes, and under normal conditions they are able to earn every day more or less enough to maintain themselves. Their needs are comparatively few and not many temptations cross their path through life. The result is that they are not ordinarily much in need of any assistance by way of loans. What they are sadly wanting in is a habit of thrift. They hae to be induced to scrape together whatever they can save out of their daily earnings and to keep it for the rainy day. The first *desideratum* is therefore a Savings Bank which would receive their small daily savings and return it to them in lump in times of need. A Savings Bank by itself cannot, however, be started and worked with success unless we also devise some ways and means whereby they will be enabled to *save* something. This they *cannot* do at present. Each man or woman earns on an average about 4 annas a day which hardly leaves any balance after purchasing the daily necessities of life not the least important (and indispensable, as they think), of which is toddy. Trade is mostly in the hands of the twice-born classes who would not allow even the shadow of a Panchama across their counter. The result is that they are forced to resort to Moplah shops which enjoy quite a monopoly of Panchama business. Negligible as this may appear at first sight, experience has shown that the Moplahs who deal exclusively with Panchamas prosper beyond all proportion and expectation. The reason is obvious. What with short weight, small measure, adulteration and exorbitant prices, added to an elastic system of calculation, the estate Moplah manages to get almost fabulous profits for his wares. Small as the town of Puttur is, we have here over twelve Moplah shops growing fat over the life-blood of Panchamas. It is quite evident therefore that if the Panchamas should be enabled to save, they must have a store of their own where they can purchase their daily necessities for reasonable prices. In such a store they will be able to purchase the same quantity of articles as they do now from the Moplah shop and be able to save something—the Moplah's margin of profit which, as has been pointed out already, is by no means inconsiderable. Thus will the Panchama be enabled to purchase the best articles for modest prices, and at the same time his neat little pile of savings will also grow bigger and bigger and help him to keep the wolf from the door.

"In a well managed store, therefore, lies the salvation of the Panchamas. A store with a Savings Bank attached to it will satisfy the purpose we have in view. It has to be observed at the same time that credit cannot be altogether omitted in any concern meant for the advancement of the Panchamas. In normal times they have no need to borrow, but there are special occasions such as marriages and deaths, when the rigid caste rules which bind even them render it necessary for them to spend money which has to be raised only by way of loans. There again they fall an easy victim to the redoubtable Moplah trader who readily assumes the role of money-lender as well. The amount is advanced, at what rates of interest I have not been able to discover, but with the condition superadded that the Panchama should thenceforward supply to him and to none else besides whatever skins he has. I have to mention here that it is customary for the panchamas to remove the carcases of all animals in the village. They use the flesh and sell the skins, the inevitable purchaser being our old friend, the Moplah, who knocks out the skins for a ridiculously low price. It need hardly be said that at this rate all that the Panchama borrower is able to do, is just to be able to pay interest on the debt by the supply of skins, the original debt remaining the same and perhaps carried over after his death to the credit of the next manager in the family. To save them from this hopeless and helpless state of eternal indebtedness, a small credit branch also is needed in the store.

"All these considerations have led us to draft the bye-laws in such a way as to satisfy all the requirements of the peculiar situation in which the

Panchamas are placed here.........A combination of stores and credit is not looked upon with favour by the Department and Government.........It is ......considered that such a combination tends to needlessly complicate matters, rendering practical work extremely difficult. At the same time, our difficulty here is that there is very little work for a Credit Society alone to do. To have a separate one for the purpose would only result in a multiplicity of institutions, the management being by the same body. This is hardly desirable especially in the case of Panchamas who cannot reasonably be expected to understand and work properly more than one institution at a time. To have *one* institution to which they can look for help always suits their simple needs exceedingly well, whereas a plurality of institutions can only confuse them.

"A combined stores and a Bank......does work smoothly enough. We have before us the examples of Triplicane and Coimbatore where transactions in both branches are carried on side by side without any appreciable inconvenience. In the society now proposed, the transactions, comparatively speaking, will be very few, so that none of the disabilities attached to the combination need be apprehended here. More recently too we have had the instance of the Mattigiri (Salem District) Credit Society being permitted by Government to have a stores branch under certain limitations. I understand too that still more recently a society for Anglo-Indians has been registered under sanction from Government and that this society contemplates activities of several kinds in its very bye-laws. In view of the peculiar condition of the Panchamas, I have no doubt that a similar concession will be extended to Panchamas also and that Government would be pleased to sanction the registration of the society under the special circumstances narrated already.

"The society has been modelled upon shares and limited liability. The share is worth Rs. 5 and has to be purchased by monthly contributions of eight annas. The Morris plan has been adopted in this matter, as I am of opinion that it just suits the situation. Each member will be required to lay by six pies a day to enable him to purchase the needed eight anna tickets by accumulations. The ordinary type of unlimited liability......will not suit the Panchamas whose individual credit is little or nothing. In all other respects the bye-laws follow the ordinary type of bye-laws for stores and credit......

"The main features of all the bye-laws have been explained in some detail......The applicants seemed to grasp fully the import of the bye-laws and welcomed the formation of the society as they all agreed that by its agency they will be saved from the grip of the Moplah traders............................ There were a number of women also—in many cases heads of families—present, who intelligently followed the whole proceedings and gave their full and hearty approval to the scheme......

"——should the experiment succeed—as I have no doubt it will—many more societies of a similar type may be started elsewhere to save the Panchamas from the grip of greedy and exacting traders———"

3.—SOME THOUGHTS ON BY-LAWS.

[BY M. R. RY. C. N. KRISHNASWAMI AYYAR, AVL., M.A., L.T., COIMBATORE.]

Most of those assembled here and hundreds of others not assembled here to-day, who have had something to do with the actual 'running' of Co-operative Banks or other forms of Societies, will have had some experience of the 'amorphous' method in which things have had to be done on the spur of the moment. A society is started and a carefully considered set of By-laws guides its working, but before two days pass over it, situations arise, for which the By-laws have made no provision. The Panchayat, where it is able to help itself, at once devises some rule, 'not contrary' to the By-laws, and the work goes on. Or the *Panch* seeks help from abroad, and a circular or letter of instructions is received from the Department, and the work goes on 'contrariwise', the Department or the Government make a general rule, but soon find that it is not applicable to some cases. At once, the rule is 'supplemented' by other rulings exempting some cases from its operation.

In all such contingencies no 'rule of the thumb' is possible, and very naturally, a large amount of 'liberal' understanding becomes necessary. If it is once understood, that even in long established and perfected departments, such 'errings' are at times found needed, it hardly needs telling that, in the Co-operative line, where things have just made a beginning, all the parties concerned must learn 'give-and-take' very liberally and act accordingly.

Now let us examine how By-laws are made and put into force, for they are our immediate concern. When a society is formed, the organiser, whether an Inspector or some other person gets the intending members together and reads to them the 'skeleton' By-laws he has with him, in English, or in what passes for the vernacular of the region, and explains them to the assembled members. They are expected to have understood the whole lot when the discourse ends, and the By-laws then explained are 'unanimously' adopted, with or without some additions and alterations, and they are then sent to the Registrar for approval. The latter approves, and the society starts 'running' along those lines. As it proceeds, many things are found unprovided for, and the society either 'supplements' by what may be termed "the standing" orders of its Board of Management, or in important cases, by means of "General Body Resolutions," or in the shape of additions or alterations, which have to be passed by the General Body and registered by the Registrar. These briefly are the ceremonies connected with the *making* of By-laws.

No one has any quarrel with these processes, and even with some rough-and-ready methods incidental in the application thereof. They are in the nature of things essential to a great movement in the making, and must be regarded as legitimate.

But when we come to the *unmaking* of By-laws, the procedure adopted by the Government and by the Department, presents several novel features, some of which, at all events, do not seem explicable or desirable. It is with these that this paper is mainly concerned, and the resolutions which this Conference is called on to pass on this subject, are based on the anomalies arising herefrom.

The novelties just mentioned are due to two sets of causes. In the first place, the Registrar, who deals with the movement as a whole in the first instance, often finds the need for *general* circulars, either in connection with organisation, or control, or audit and inspection, and these are accordingly issued either based on official reports from subordinates, or at the instance of the powers above, or "on general considerations". We, who actually run concerns, big or small, often find that the circulars go against some one or more of approved By-laws, or ignore their existence and we make representations individually or collectively as at this Conference; and we get exemptions or modifications, or in some cases, get no hearing and move on with the shoe pinching more or less grievously.

Well, this is hardly as it should be. All this trouble arises chiefly because of the absence of any regular consultation with non-official expert opinion. To this it may be answered with some show of reason that non-official opinion in an organised form does not exist ready made for consultation. But, if we examine this allegation a little more closely, it is easy to see that it does *exist*. In days prior to the organisation of the Provincial Co-operative Union, the Registrars could easily have consulted the 'tall blades' among the non-official workers, with all of whom they were personally acquainted. After the Union was started, that organisation has always been ready at hand for focussing non-official opinion if anybody cared to utilise it. We all know the limitations under which it works, but the best method of perfecting it is surely not ignoring its existence. The very least of its functions is to serve as a medium of communication between the non-official public and the authorities that rule and guide the movement. The writer remembers that once or twice, in a haphazard way, a few non-officials *were* consulted by high personages who controlled the movement then, and they will certainly bear testimony that it was not in vain. Why not make it *regular* then, and see that reliable non-official expert opinion is secured, before any general circular is issued? So much of heart burning may be saved, and the movement made to run on smooth lines. It was for some such reasons that the writer urged on the attention of the Imperial Committee the strong need there was of a non-official advisory organisation for every Province, but it carried no weight with them, which is no longer a marvel, seeing that *their Report is mainly concerned with the perfection of the official machinery, and has no place for the non-official in the higher spheres of the movement.*

The net effect of such circulars is to unsettle By-laws in many cases and put the Managing Bodies into needless difficulties. One or two illustrations must suffice. Last year, a circular was issued to auditing officers, who were asked, among other things not to include interest *earned*, but not *collected* (because it was not *due*) in the assets of Societies, but to include the dues of societies to other parties brought up to date in their liabilities. Overdues were to be likewise rigorously excluded from profits shown. Now, the object of this circular is clear. It was meant to lessen unpunctuality in re-payment and spur *Panches* on to better collection. So far it was all well.

But in attempting to lessen one evil, other defects were completely forgotten. The business-like and common sense idea of a balance sheet is evidently to show the position of a society on a particular day, exactly as it stood. All its in-comings, whether realised or no, must on this basis come under its assets, while all its owings should be shown as liabilities. If bad debts were feared, an allowance for it based on experience is the right course to adopt. Leaving over-dues aside for a minute, one fails to see how interest earned, but not due deserves to be excluded. Among the *nidhis* of Coimbatore, it has long been the practice to consolidate receipts and expenditure, and print them as the balance sheet for a given term! Surely this is not what the Department wants co-operative societies to do. Again over-dues are not homogeneous. Some are but technically so, while others are real over-due loans. No provision was made to distinguish between the two, and the consequence was a lot of needless heart burning among those who run Central Banks of the old type and other dividend-earning concerns.

Again, by one set of circulars, we are called on to make contributions for one thing and another, simultaneously with others cutting down profits very thin! Consider the fun, for instance, of allowing Societies to set apart 7½% of their net profits for common good, and practically show but little of it in the shape of net profits. One is bound to say that in all this feverish care to secure punctuality higher interests have been ignored, and managing bodies bewildered by a continuous process of unsettlement.

If these are the effects of departmental control, much worse are these of the activities of higher authorities on our behalf. The local Governments are empowered, as we all know, to make Rules so as to make the Act workable, and our Government have accordingly made Rules from time to time for our guidance. One would expect that, in making general Rules, care will be taken to consult persons qualified to advise, both official and non-official, for if it is important even in matters of secondary interests with which Departmental Circulars deal, as has been already shown, it is still more so in the case of these Rules, which touch more vital interests, and are more enduring in nature. Judged however from some recent Rules enacted for our guidance, it is difficult to say where they originated or who were consulted.

Take for instance the Rule relating to the 50% Reserve Fund. Looking at the way in which it was enacted, one would believe that some person at the fountain-head suddenly discovered one morning some fatality imminent to Societies on the limited liability basis, and accordingly rushed, trampling all formalities under foot, to save the situation for them by enacting that precious Rule! When, however, it was pointed out in the press and elsewhere that it could not work, a modification of it has been substituted, but it is not quite what it should be even as it stands. What however is pertinent to this paper in this connection is that the approved By-laws of a lot of societies were, at one stroke of the pen, nullified, and the societies affected had been allowed no say on it!

One other example will suffice to prove the case. The Coimbatore District Urban Bank was registered under Section 29 of the Act of 1904, and its By-laws thus received not only the approval of the Registrar but of the Government also. It was started at a time, when co-operation had not attracted such choice and master-spirits, as have joined it since, and the bait of bumper dividends was what was dangled before the intending shareholders by the then Registrar. Accordingly, the By-law *i. e.*, division of profits, allotted 25% of the net profits to Reserve Fund, 12½% towards honorarium to the Secretary, and the remaining 62½% is to be spent as the general body may note at its annual meeting.

Now, when the Rule *i.e.* 50% to be set apart as Reserve Fund was published, and the maximum dividend was declared to be 9%, the Board of Management thought over it and found that the Act was capable of supporting their old position under the By-law concerned. Section 49 says in so many words that the By-laws of societies registered under the old Act, "shall, so far as the same are not inconsistent with the *express provisions* of this Act, continue in force until altered or rescinded." When the attention of the authorities was drawn to this provision and the management claimed the right to act according to the By-law, they were answered that Section 43 empowered the Government to enact Rules which, under some conditions, "shall have effect as if enacted in this Act." But the point raised was whether the Rules can in any sense amount to "*express provisions*," in which case Section 49 seems meaningless. At all events it is one of the cases, one can easily see, where "much may be said on both sides". The management felt no doubt about it, and so requested the Government to refer it in case of need, to the Advocate-General, but no definite answer has as yet been received, though rumour has it that he has judged against the management. If this were true, then there is strong need for obtaining either a Full Bench Decision, or the judgment of the Government of India over it.

Please to note that in this fight the management of the Coimbatore District Urban Bank are not actuated by 'dividend hunger', though something may be said for it also. They have raised a cardinal question relating to the sanctity of By-laws, and that is the chief merit about it.

You will thus see that it is time to face the question and seek some solution for it. Put briefly, the position is this. If it is necessary, as has been shown above, *for us to go through some formalities whenever By-laws are required to be made, is it, or is it not equally necessary that similar formalities should be gone through before they are unmade?* Can they or any one of them be brushed aside at one stroke of the pen, whoever should wield it? In other words, are they in any case to be treated as mere scraps of paper? Let those answer whom it concerns. This conference, I take it, will answer it but one way.

The writer's view has all along been but one—that *it is neither legal nor expedient that By-laws should be treated so lightly*, whoever the party concerned may be. He is aware he is no lawyer, but he is glad he is armed with the opinion of lawyers, and they agree that we have at least as much to say for ourselves, as the other side has.

But law and logic are not the only things governing the case. Expedience is even more important in a matter like this, than mere technicality, so that if there is at all room for doubt, the benefit of it must go to us. This is just where it is expedient to do a little wrong (even if we allow it as such for argument's sake) rather than do a great right. No question of prestige can arise here. All that we ask for is a little give-and take. Let not questions of a general nature be rushed through on any account—they can always wait till the parties concerned are able to pronounce on them. Then let them not be decided *a priori* because they may thereby look scientific and logical, but in the light of the opinions of those whom they directly concern prove ugly and unworkable. Most of us are open to conviction, and here, if anywhere, Lord Hardinge's advice to high placed officials, to learn to persuade, where they have been used to command, is most applicable. The masses have

always been fools, and fools, according to Dr. Gardiner, only want the compliment paid to them of being consulted, and, as co-operation is a cause of the people to be worked out by them, the desirability of taking them along with you needs no demonstration.

So far 'for the day that passes over us', *i.e.*, for the immediate effects of ignoring By-laws. But there is a more serious aspect of it to be examined in so far as its *moral worth* is concerned, as well as its influence on the character of co-operators in the long run. In this rage for speedy disposals, few officials seem to calmly look ahead of them, or consider the ultimate injury done to the cause by such doings. The bulk of the people who have been at all brought under the wing of co-operation, are described as absolutely or very highly wanting in business qualities—punctuality in re-payment and the like—among which *want of respect for constituted authority, as embodied in By-laws, seems to stand in notable relief* in some shape or other. Now, if this be a fact, as we may all allow more or less, then the most important duty of those who guide and control the movement is obvious, namely, *to teach by precept and example the value of obedience to rules and regulations, fashioned for our benefit.*

4.— HONORARY WOKK IN CO-OPERATION.

[By a Co-operator].

" Nor toil for title, place or touch
Of pension, neither count on praise
It grows to guerdon afterdays
Nor deal in watchwords overmuch "...........*Tennyson*

Co-operative work consists of organization of societies, the management of individual societies and supervision of the work of societies. Individual societies are managed by the members themselves and except in the case of central banks and the bigger town organizations which require for their executive a full-timed officer, no one in the management receives any remuneration. The work of Co-operative organization and supervision has till recently remained in official hands. However the ideal before the people as well as the Government has always been that it should be carried on by the people themselves. The questions of practical, and therefore of real importance are whether the time is now ripe for a transfer of powers to the people themselves, and if so to what extent?

On neither of these two points does there exist such an unanimity of opinion between the officials and non-officials on the one hand or among the non-officials themselves on the other. There are those blatant co-operators who, bursting with the plethora of their information, maintain that in matters co-operative they have little to learn from the department: in their view, the evil that now hampers the rapid development of the movement is official intervention: take it away the path of progress will be smooth and

* The paper has special reference to the question of the appointment of Honorary Assistant Registrars.

clear. There are others among non-officials who in their supine overcautiousness can hardly ever conceive of success being dissociated from official tutelage. These men will be content to play second-fiddle to officials and that too in comparatively unimportant matters, resigning into official hands the vital part of the great work. The real solution seems to be, in this as in other matters, in striking at the golden mean. Officials are at present necessary in the movement even if they be of the class called "necessary evil"; under their general supervision details may be worked out by the people. These latter should share a substantial part of the responsibility, leaving to officials the right to lay out the general lines, to correct erroneous deviations and to take matters into their own hands where such intervention might seem absolutely necessary.

Whilst proposing the adoption of the principle of permitting people to participate in the responsibility of co-operative administration it seems necessary to call attention to three vices which beset public life all the world over. First and foremost is covetousness and self-seeking, next comes philistinism and lastly inefficiency.

Co-operation is a subject of popular interest and of it as of other branches of political economy people who have made no special study of the subject are apt to form inaccurate or erroneous notions. If these views which are perhaps shared by a large number of men, should prevail against those of men who have devoted their time and energy for the study of co-operative problems the consequences are bound to be mischievous. Efforts should therefore be made to spread far and wide a knowledge of the first principles of co-operation. There is no more useful work than this for the department which in this Presidency is not by any means suffering from a want of the higher staff who are sure to know or at any rate ought to know. If such a thing as official philistinism should exist, which God forbid, there seems to be no helping it!

Inefficiency has been put down last because there is an inveterate tendency in certain quarters to exaggerate it. It must be recognized that non-officials are at some disadvantage in that they have neither the prestige of official influence, nor the leisure for attending to details which it is the duty of officials to attend to, nor yet the opportunities for setting out to advantage their achievements such as are afforded by official reports, papers and so forth. Moreover, too much should not be expected of non-officials who husband out their resources of time and energy for the philanthropic purpose of promoting the good of others. Non-official workers should not of course venture beyond their depths: they should promise less than they can do; and it should be their constant aim to attain perfection in their undertakings. The really inefficient man should take himself away when he realises that he is unequal to the work before him; if he would not, others should have no scruples about discarding him directly his weakness is discovered.

With the precautions referred to above there may be a devolution of powers to non-officials. In what manner and to what extent is the delegation to be made? Besides laying down the policy of the department the detailed items of work done by the co-operative department (and from this category, routine office work is excluded) are these:—

(1) Co-operative propaganda and organization;
(2) Registration of societies and their By-laws;

(3) Amendment of By-laws and their registration;
(4) Sanctioning loans to societies;
(5) Checking defaults in repayment of loans;
(6) Inspection of the work of societies;
(7) Audit of accounts;
(8) Passing audit orders;
(9) Holding enquiries under the act;
(10) Winding up or dissolution of societies;
(11) Miscellaneous and subsidiary work.

So far the only item of work assigned to honorary workers in their individual capacity is that of organization of societies. Unions and District Banks have been entrusted with the important work of supervision of societies and in a few cases also of sanctioning loans to societies from their respective financing institutions.

As already observed there are differences of opinion as to the safe limit of delegation and it will be easy to find arguments in support of every one of the contentions. The fact of the matter is that no universal rule can be laid down; the system adopted must be varied to suit the party and the place concerned: and each offer of honorary work to be dealt with on its merits but always with sympathy and in a spirit of liberality.

The largest claim put forward includes all or practically all the powers of the Registrar under the Co-operative Societies Act (India Act II of 1912); the exact proposal is that an experiment should be made of placing a definite area under a non-official worker, to be named an Honorary Assistant Registrar. It will be conceded that this is a somewhat bold experiment to make and that it should be carried out with caution. The following suggestions are thrown out for consideration in connection with the proposal:—

(1) *Who should be appointed Honorary Assistant Registrars?* It should be an invariable rule that only men of culture and broad sympathies should be thought of for the place. As far as possible men who have *not* had liberal education should be tabooed because the work requires men who are capable of studying the literature on the subject which is extensive and of grasping complicated economic questions. Selection should also be confined to men with energy and enthusiasm; and they should not be too old to do active work.

(2) *The extent of their jurisdiction.*—The territorial jurisdiction of the Honorary Assistant Registrar should be limited: perhaps it should not exceed more than two or three taluks. Nor should the number of societies placed in charge of an officer be excessive—something between 60 and 100 societies will be all that he can look to. He should visit most societies in his charge at least once in a year and it may not be possible for an honorary worker who will probably have his professional work to do, to give more than 60 or 70 days in the year for the work.

(3) *Their powers.*—It will be obviously unfair as much to the cause as to the persons concerned to throw on them all the work now done by the official Assistant Registrars. Of course it will depend upon who the person is.

To begin with, powers for the registration of societies with By-laws of a routine approved type, and for registration of amendments of certain specified clauses may be granted with a reservation that no more societies should be registered in a single year than can be adequately financed by the financing institution. Power may also be reserved to the Registrar to fix the limit for any year. These honorary officers may also be authorized to sanction loans to individual societies, to inspect their accounts, to check defaults and to recommend to the Registrar for dissolution any society which misbehaves. Other powers may be transferred in course of time when Government consider that such delegation may be safely made.

(4) *Relation to Government.*

These officers should be placed directly under the Registrar and not under any Assistant Registrar. They may be required to submit a quarterly, half-yearly or annual report of their work to the Registrar together with such statements as may be prescribed from time to time. Government may place under their charge a suitable clerical and executive establishment giving them a large power of appointment and punishment. They may be permitted to hold office in a public building wherever possible. They may be granted travelling or carriage allowance or both according to a fixed scale.

5.— A FEW THOUGHTS ON CO-OPERATION IN MADRAS.

[BY M. R. RY. P. RAMACHANDRA SASTRI AVERGAL OF CONJEEVARAM.]

1. The Registrar should continue to be an Indian. Born an Indian, he grows with Indian manners and customs amidst Indian conditions and traditions, knows their ways of thought and motives of action, understands their weaknesses and their strength. Moving with them as one of them, he can work and guide the movement to the best advantage of the people.

A foreigner may know more, work more efficiently, try to be sympathetic; but from his very constitution, environment, education and training, it is impossible for him to feel and act as one of the people alone can do. His work may be efficient, he cannot make good co-operators of them.

2. India is a vast continent teeming with millions of population. The people are immensely poor and steeped in debt. They are not going to become rich and prosperous by carrying on industries on European models and on European scales. But they can be rendered happy and contented if helped to improve their agriculture and revive their cottage industries. Co-operation can do it for them, provided Government gives them safeguards against competition from beyond the seas, and also gives them larger facilities to form societies for production as well as for distribution.

3. Co-operation has hitherto been propagated in the Presidency on the credit side. It is high time for Government to give the Registrar assistants possessing knowledge of agriculture, weaving and other industries, and methods of trade. Special Departments for agriculture and for industries are good for adding to the knowledge already available in the country, but they cannot carry it to the poor villager in his cottage so effectually as the Co-operative Department can do.

4. For industries to thrive, money must become available at cheaper rates than at present. Societies are helped now with money more from outside than locally, not because there is not enough money in the locality but because money-lenders have plenty of customers hanging about them. If societies multiply in closer proximities, and if loan applications both in and from societies, are dealt with more promptly, if terms for repayments in them are made easier and more suited to the circumstances of the borrowing members, then alone they would lease their business and invest their monies in societies.

5. Government is showing its anxiety to shift from off their shoulders as quickly as possible, a portion of the burden of cost of the Department. Taluq and District Unions are being formed, so that supervision of primary societies may be carried on at their cost by such Unions. If, instead, societies situated in close compact areas, say, within a radius of about seven miles, are brought together into Unions, and all such Unions into District Unions, the work of supervision would be better done, the interest of the people for whose welfare societies exist, would be enlisted on their behalf, and they would become trained to the work. Thus people would learn more and more of self-reliance. Perhaps this kind of Union forming may take time, and cannot be hurriedly done. And until then, both the cost and the work of supervision will have to be borne by Government. But then the work turned out would be more substantial and more fruitful of lasting beneficial results. Government exists for the people, and it would not be nice if it hurries. The delay would only be traceable to the neglect in the past of its duty to its subjects, in not having spread education far and wide among them as in other countries.

6. Co-operation will spread in the country if the sympathy and co-operation of school masters are secured on their behalf. Their interest can be roused by means of lectures for their benefit in Training Schools of all grades. Societies in each district may jointly or severally institute prizes to be competed for by Elementary school masters of those districts.

7. Hindrances to co-operative progress are:—

1. Illiteracy in the people:
2. Absence of co-operative literature in vernaculars;
3. Insufficiency of staff of Government Inspectors, and
4. Want of appreciation on the part of men of education and business experience, of the benefits of the movement to their country, and their consequent keeping aloof from it.

8. Panchamas and members of other depressed classes are found in co-operative societies along with other people, and their number is increasing year after year.

This is as it should be. It is good for the depressed classes to have opportunities of mixing with others, and it is also good for others that those people should improve their character, their status, their outlook on life. Separate societies exert a disruptive influence among people who ought to feel and move as one.

9. War is telling severely against weavers and people that raise other than food crops. There are no societies to help them nor men with the necessary knowledge and experience or means to organise them. Nor does Government appear prepared to afford them the needed help; for, the one society formed for the benefit of weavers, has received none during the eleven years it has been struggling for bare existence.

6.—WHAT NEXT?

[BY M. R. RY. T. S. SUBRAMANI AYYAR AVERGAL, B. A., B. L., L. T.].

Though co-operation in India received its official baptism so long ago as twelve years the progress made so far is not a source of pride either to the people or to Government. To point to the two thousand and odd societies now in full career in Madras as a refutation of the above observation would be but a confession of ignorance as to the possibilities of co-operation. So far some headway has been made only in the matter of *credit*: but even in this the efforts of the last twelve years have not so much as touched the fringe of the field. A few tens of lakhs annually passing from hand to hand and even that only in the books of account in not a few cases—are not by any means the last word in Co-operation. By itself, it is but as a drop in the ocean of the total credit transactions that must be taking place over the country among all the communities—lay as well as mercantile. So far it is only the lay people that have chosen to avail themselves of the benefits of co-operative credit. The borrowings have been mainly for the purpose of either directly fulfilling domestic and social duties, or indirectly discharging debts incurred in previous fulfilments of such obligations. In quite a respectable number of cases, the volume of transactions is swelled by mere paper-entires, being renewals of loans not redeemed at maturity, and thus representing no fresh passing of value. So far the commercial communities have not felt themselves drawn towards the movement, and the reasons may not be far to seek.

Thus we see that co-operation has made but little progress. It has not developed all round. Even *credit* has not succeeded in enlisting the interest of commercial communities. As for *co-operation* in productive and manufacturing enterprises—Why, one can sooner hear of venomous snakes in Iceland. No serious attempts appear to have been made either by the Government or by non-official co-operators to make a careful study of the scope of co-operation. All honour to this latter body of gentlemen whose disinterested labour it is that has enabled the movement to make even the little headway that it has done so far, and brought relief to the very doors of a few financially depressed and oppressed classes. But this, as observed already, is as nothing to what might have been. What enthusiasm and disinterested social service can do, has been done; but unfortunately co-operation is a growth that requires for its life and sustenance qualities far other than mere enthusiasm. To set the camp alight you strike a match, but to keep the lamp burning other agencies are necessary: there must be a ceaseless and steady supply of oil; winds and other destructive influences must be guarded against; occasionally the wick must be trimmed; and so on. Whereas enthusiasm is necessary for starting an *inert* body on its legs, a steady and continuous supply of motive power alone can keep it going, and *skilled* piloting alone can guide it along fruitful channels and keep it from all harm. What the enthusiasm of honorary workers can do has been already achieved. The co-operative movement has been started by their labours, but it now looks as if it has come to a halt. It is high time for us to ask ourselves—"What next." ?

Let us now go to examine the scope of a few aspects of co-operation. In addition to *credit*, pure and simple, co-operative principles can be applied to *distribution* and *production*. To consider a few cases in detail:

There lies a vast field which is peculiar to India, as yet untouched by co-operation. There is the problem of moving big bulks of agricultural produce from the place of production to their destination. It may be inland or foreign, across thousands of miles of sea. The necessity of the proverbially needy Indian agriculturist is the opportunity of the *middle* man. Let us now take a single instance to illustrate what takes place in inland commerce. Ceylon imports lakhs of rice bags from India. The paddy producers of South India are too ignorant to get into direct touch with the Ceylon consumer, and hence the transaction has to pass through *middle* men. As this parasitic class are, as a rule, moneyless people, those with ready cash not having the necessary spirit and enterprise, they have to obtain their loans from the indigenous money lenders at usurious rates of interest and this is obviously to be allowed for when prices are settled with the produces. Existing Joint Stock Banks, as is evident from the enquiries of the present Industrial commission, do not care to take such transactions under their wing—at all events in their early stages, and therefore the middle men cannot help the usurious interest charged by the village money-lenders. In addition to this the middle men will charge their own commission as remuneration for their knowledge and enterprise. Thus the producer is severely handicapped by the intervention of the moneyless middleman with his own interests to serve, and thus gets less than what he would if he could be enabled to come into direct touch with the consumer, the difference being represented by the gains made by the usurer and the middle man, neither of whose interests run parallel with that of the producer.

So much for the movement of crops inland. When their destination is foreign markets, as for instance the groundnut crop, there is no question of the intervention of middle men of the class familiar to us, the whole transaction being dominated by foreign Banking houses. Here the producer is simply at the mercy of these foreign Banks and buying agencies in regard to the price, and for him to have a voice in the matter it will take long—no such thing can even be thought of till co-operative Produce Banks with the warehouse system are organized on a large scale.

So much for movement of agricultural produce. Industrial production has fared even worse for want of co-operative organizations. We find the same sort of middle men intervening between the producer and consumer, and cutting away a large slice of the profits that properly ought to belong to the producer. Take, for instance, the Dhoties made in Salem. An evening's observation of what takes place in the bazaar is enough to drive one mad—one beholds the heart-rending spectacle of the half-fed, over-worked and emaciated producer himself entering shop after shop in the vain hope of selling his wares with some profit, but, thanks to the combine among the buying middlemen, ultimately disposing of them for less than cost price.

To him there is no alternative between an immediate sale and hungry mouths at home. The shopman, of course, doubles the price and sells in proper markets in proper seasons.

The problem that Co-operation must next address itself to solve s, therefore, how to organize agencies for movement and distribution of agricultural produce, and industrial products so as to eliminate the middle man, and thus enable the producer himself to reap the maximum benefit of his industry and skill.

There are two ways in which this can be done. The producers themselves can be taught to organize Co-operative societies with the object of collecting and marketing the —the produce. One advantage of this system would be that no large capital would be required. But there is one serious disadvantage in that the Panchayatdars of these societies, however skilful as producers, cannot be expected to possess commercial skill and knowledge necessary for the work of distribution which can only be acquired by special training and experience and skill. This drawback can however be rectified by making the organization a sort of *warehousing* society. Members will have to be largely composed of non-agricultural commercial men quite independent of the producers, who will find among themselves the necessary capital. There ought to be no objection to allowing a sprinkling of producers themselves in the membership—in fact their connection will serve to steady the otherwise speculative tendencies of purely commercial men. This buying society will pay cash for the produce brought down to its warehouse at the current market rates, and after the accounts are periodically closed and profits ascertained, a part of the profits is to be returned as rebate to the producers proportion to their sales to the warehouse. This organization will be analogous to the central establishments in Denmark for collecting and curing and marketing Dairy produce.

For the success of the first of the two organizations sketched above, the permanent employees of the Society—the manager and his assistants—will have to be men with an adequate commercial training and their appointment will be too costly for the unaided resources of the society. It is here that Government ought to come in with financial help at any rate during the infancy of the Society. Unlike this Society, the other one will depend for its success mainly on the commercial skill of its Managing Board whose remuneration is a legitimate charge on the profits of the Society. But in respect of both the above kinds of societies, short-term loans of big sums of money will be required during the collecting season, and as, at the outset at all events, private deposits will be very shy, this would be a fit case for Government making short-term loans from out of its Treasury Balances. The Government deposits its balances with the Presidency Banks on very favourable terms to the latter, as the ostensible object of the deposits is to help the agriculturists to dispose of their produce under favourable conditions. How far this object is fulfilled, and whether the agency of the Presidency Bank is the best channel for conveying seasonal help to the needy agriculturist in his remote village with his produce to dispose of, is a question which it is not our present purpose to investigate. But if it be, as it ought, the real purpose of Government to reach the needy producer in his remote village with seasonable financial help, there can be no better or more direct and efficient way of fulfilling it than by encouraging the growth of such co-operative organizations. In fact this would be a very

promising beginning of the system of Industrial Banks whose necessity has been proved beyond doubt by the enquiries of the Industrial Commission. The infusion of the co-operative element into such Banks will only serve to increase the chances of success by adding the element of self-interest, which may not be available in a purely Joint-Stock Company.

The above is admittedly sketchy and imperfect, but if it will serve to set us all thinking about the possibilities which may lie that way, its object will have been amply realised.

To conclude. So far it is only *credit*, and that only a department thereof, and that too only to an infinitesimally small extent—that "Co-operation' has been applied to: and unless other openings are discovered, even 'credit' co-operation will ere long come to a stand-still. The one means of enlarging the scope of *credit* is to associate it with production, but to achieve this consummation the unskilled efforts of the lay agriculturist and producer will not avail. Not only must *skilled* management be provided but seasonal *financial* help also rendered, and unless Government takes the lead the movement is more or less doomed. The same reasons that are held as justifying the political tutelage of India and the retention of the initiative in the hands of Government, ought to be deemed sufficient for the initiative being taken by the Government in the matter of industrial leading also. If it be contended that Government ought to do nothing more than what is absolutely necessary for the poor agriculturist and the labourer—witness, however, the contemplated association of Government with the affair of running Industrial Banks—then 'Co-operation' ought not to knock long or in vain at the doors of Government. All the necessary material is at hand. There are ready-made channels whereby to convey doles of relief to the needy agriculturist in remote villages, in the shape of existing Co-operative Societies and all that is further necessary is to apply the process of adaptation or conversion, and in a few cases, of fresh creation. The Government has found it possible and desirable to invest their surpluses in the Presidency Banks with the object of aiding internal commercial activity; so all that is necessary is to divert a portion along co-operative channels and provide necessary safeguards against abuse, in the shape of skilled advice and direction. And in doing it the Government will be aiding more effectually and infinitely more profitably to the people at large than what has been found possible through the agency of the Presidency Banks.

7.—LOANS.

[BY M. R. RY. M. S. SESHACHALAM AYYAR, AVL. OF TIRUVANNAMALAI.]

Most co-operative societies in this Presidency are started for granting loans to their members; production, distribution and such other aspects of the movement are seen only in very few of them. So co-operation is looked upon by the people generally as a means of getting cheap credit. And it is but natural. An indebted agriculturist is like a person suffering from a painful disease, he wants relief first; which the credit society gives him. Productive, distributive and other forms of co-operation are like prescriptions for the improvement of his general health which he will attend to after being relieved of his present pain.

My object in giving the above explanation is to show the importance of credit or the granting of loans at the present time. The bye-laws of a society do not provide any adequate guidance in the matter of issuing loans to members, it being left entirely to the discretion of the Panchayats. The qualifications of the Panchayatdars in general are well known to all co-operators and cases of indiscrimination and consequent loss are not uncommon in our societies.

The granting of loans is the business of a banker and no banker can succeed unless he knows the principles of banking and the law regulating the issue of loans. He must know the civil law, community law, Negotiable Instruments Act, Limitation Act, and Contract Act, at least so far as they are applicable to his business. But in our Presidency, anyone is a banker who has saved a few hundred rupees, as remarked by Mr. Nageswara Rao Pantulu Garu in a recent article in the "Madras Bulletin of Co-operation "and as the people, being ignorant of the system and the rules of banking, lend their small savings and naturally get losses often times.

The usurer or the professional money lender who is bent upon sucking the life-blood so far as he can, advances this circumstance as a reason for demanding a heavy rate of interest. Our Panchayats are in no way better than the amateur money lender, who wants to lend his savings for earning profit for himself, and so irresponsibility and carelessness are latent in many of them. No doubt there is the unlimited liability. All the members are jointly or severally responsible for the common debt of the society. Non-official co-operators and the department may both think it sufficient to guarantee the dues of the financing banks and that nobody need interfere with the internal affairs of the society. Though the argument may look sound on the surface the injustice it may cause to the poor and innocent becomes obvious if we consider a little the composition and actual condition of our societies. A poor man wants a loan of Rs. 50, and joins a co-operative society only with the intention of getting it at a reasonable rate of interest. Even if he is told of the responsibilities of unlimited liability, he does not believe it and holds himself responsible only for his own borrowings. He is not used to have any hand in the management of a public fund and he is not able to understand the liabilities which he undertakes by becoming a member of a co-operative society. Unless and until he really understands his responsibilities, the consequences of mismanagement of a society should not be allowed to devolve on the innocent. Under these circumstances, it is quite necessary that definite rulings guiding the issue of loans should be embodied in the bye-law so that the Panchayatdars may be guided by them and bring no discredit upon the society.

Even the Government have framed definite rules for the grant of loans under the Agricultural Loans Act. The Act is being handled by such intelligent persons, Collectors or Tahildars, and yet the rulings are very definite. But in our societies the only rule is that the loans may be granted for useful purposes on the mortgage of immoveable properties solely belonging to the borrower and unencumbered or on the joint and several responsiblity of one or more other members! No explanation of the unencumbrances or the sole ownership of the property is given in the bye-laws. Property by widow's reversioners, minor's property, undivided family and Mahammadan-law-inheritance are subjects too intricate to be properly understood by laymen, and, therefore, subsidiary instructions such as have been given in the Government rules regarding the Agricultural loans

may also be framed and form part of the bye-laws. The Panchayats dare not disobey such bye-laws for in that case they may legitimately be held responsible for such loans.

So I propose that the following resolution be considered at the next Conference :—

Resolved that explanatory rules regarding the grant of loans may be framed and added to the existing bye-laws of societies; and the Panchayats may be held responsible for the loans granted by them, if they had violated the rules and brought a loss upon the society.

8.—MORAL, MATERIAL & SOCIAL BENEFITS OF CO-OPERATION.

[BY M. R. RY. C. N. SRINIVASIENGAR AVL. MANAGER, HOSUR REMOUNT DEPOT.]

We have read that in the United Provinces, co-operative matters have gone ahead and a good deal of agricultural improvement has resulted through co-operative societies. The recent Resolution of that Government shows "that the claims of the poor and the orphans are beginning to be recognised by societies, that education is receiving attention, and that the societies are also in certain instances distributing agencies for quinine and other simple medicines and are participating in sanitary improvements. The Lieutenant. Governor is particularly gratified by the fact that in the present crisis the co-operative movement has not only given substantial contribution to the various War Funds, but has also been an important channel for the dissemination of correct information on the course of the War".

I propose to mention here how far the co-operative society in my little village has succeeded in extending its influence in some of the above respects.

Firstly, our society has been of considerable use in the reclamation of the village drunkards. But for our personal exhortation and persuasion, I should think the major portion of the society's share capital now amounting to Rs. 5,400 would have been in the coffers of the toddy vendor.

Secondly. In the matter of village sanitation and roads my village folk had, long before the society was started, been instilled with co-operative principles and the clearance of prickly-pear and other obnoxious vegetation which would have cost Government about Rs. 10,000 was effected purely on co-operative lines.

Thirdly. Closely allied to sanitation is the improvement of dwelling houses, and here again great strides have been made and the problem of housing the poor by the application of co-operative principles has been satisfactorily solved. This has been achieved by giving financial assistance to a few deserving cases. All further pecuniary help for the purpose of attaining this object has come from the people themselves who repay the money lent to them for their houses by easy instalments. By this method there are at present nearly 100 well ventilated houses roofed with Mangalore tiles which have brought comfort in the dwellings of the poor. This has replaced the dreadfully insanitary thatched-roof houses that used to harbour vermin of all kinds.

In planning any extension in this village, the future and present needs have been carefully borne in mind and the village continues to be sanitary and presents a beautiful appearance. There have been exhibitions held recently for demonstrating the methods of town planning and one such exhibition was held in Madras last year. But this village in its natural situation demonstrates the method of town planning by means of co-operation.

Fourthly. As regards War Funds, half the net profit which should have been distributed last year as dividend among the 600 share holders in accordance with the society's by-law, was decided to be devoted to the Imperial Indian War Relief Fund and Madras War Fund. It may be pointed out for the information of the readers that this profit was roughly one day's pay per member and that their action in the matter was entirely spontaneous.

Lastly. In order to disseminate correct information on the course of the war amongst the poor and illiterate masses vernacular papers have been obtained and are being read out daily at selected hours and centres.

I have tried to show from the above facts what the moral and material benefits are which co-operation can bring. It is claimed for a village society like mine that co-operation strengthens the character of the members, stimulates their ideas and makes village administration more efficient.

It seems to me that co-operation has a peculiar force of its own. Its system as we all know makes the people thrifty in the use of their resources helping them to save money and to make the best economical use of their savings. It will raise the whole tone of the social and moral life of the rural communities, inspire them with higher ideas of cleanliness and sanitation and stimulate in them a spirit of enquiry and enterprise. All egotism in a co-operative society is effaced, and with its disappearance party spirit vanishes. Each member understands that he is the party that is honoured by admission into the society and not the society which is the gainer. It gives to the humblest a feeling of equality with the highest and to the social magnates of the locality a satisfaction of having really stretched forth a hand of help to a trodden neighbour. Public spirit is thus inculcated into the minds of all members of a society. So far on its social side.

The co-operative movement is, therefore, well adapted for the successful working of different kinds of enterprises, as it promotes the moral, material, and social condition of those engaged in it and as it develops their individuality and character.

9.—BUILDING SOCIETIES.

[BY M. R. Ry. P. S. VENKUSWAMY AYYAR AVL., OF MADURA.]

It is a well-known fact that the poorer and middle classes suffer great hardships for want of proper accommadation. House rents are rising higher and higher and a tenant feels that the large proportion of his income which has to be paid away in rent is absolutely lost to him. He would always prefer that his payment for rent instead of being sunk in discharge of obligations for temporary accommodation should be applied towards the purchase of the house itself, so that he may not only become the occupier of the building but also the owner thereof. If an individual makes some improvement in his residence to suit his convenience, the landlord charges an increased rent in respect of the very improvements, which the tenant has made at his own expense and sometimes refuses to allow the tenant to continue in the house. These difficulties could be removed by the tenant becoming his own landlord when he will be at liberty to make whatever improvement he finds necessary for his domestic convenience. If one contemplates building a house to his own taste, he must have enough capital not only to pay off the value of the land but also to meet the construction charges. This is generally beyond the means of a man who has to depend on his own savings. To provide capital for him, Building Societies should be established.

Building societies are formed for the purpose of raising by subscriptions from members a stock or fund for making advances to them out of the funds of the society upon free hold, copy hold or lease hold estate by way of mortgage and may be either terminatory or permanent. A terminatory society is one which is to terminate after a fixed period or when a specified result is attained. A permanent society is one which has not by its rules any such fixed date or specification.

With the aid of the Building Societies every one may become "his own landlord." The necessity for the establishment of Building Societies is now keenly felt as in urban areas the space available for building house is rapidly becoming limited. Before receiving an advance from the society the member's mortgages his house to it, and when he completely repays the advance, the mortgage is cancelled and afterwards he and his descendants become the absolute owners. The society will not make any advance to the members unless it is satisfied that the property that the member desires to purchase is an adequate security.

A member cannot get the whole money required to buy his house. The Building Society is the most reliable means of thrift and in the case of the ordinary member who pays up his shares by monthly contributions it is a good stimulus to saving. If he missed a payment on due date he would incur a heavy fine of penal interest.

Now the co-operative movement in its credit department is growing more and more popular and has relieved the poor agricultural population from indebtedness and has saved them from the clutches of the money lenders. It is now high time for co-operators to work in other fields. All the important towns in Southern India are very congested. The result of congestion we daily see. The average number of houses per mile (acre ?) is 55 and the average density is 291.

The Madras Nidhis correspond closely to the Building Societies established in the United Kingdom, whose leading idea is mutual credit. A certain number of individuals start a company and register it under the Indian Companies Act. They have now developed very well and hereafter they may be worked on co-operative lines. They are formed under the *koottu chit* system. A number of men unite to subscribe a small sum every month for a period of 45 months or 84 months at Re. 1 per share. From the collections loans are granted to members at 6¼% interest with penalties. The loans are repayable in monthly instalments and are lent out on mortgage of properties. The objects of these Nidhis are to work as savings banks for depositors, to relieve their members from old debts, to deliver them from the clutches of the usurers and to assist them in building and repairing houses.

phey are not true copies of the English Building societies but are only a Tartial limitation of them. The success acheived by the Nidhis so far will warrant our making them co-operative.

These Nidhis can supply cheap money partly on account of their compe. tition with money lenders but chiefly by their actual development of capital. A subscriber to a nidhi must perforce save some small sums which he might otherwise have wasted as being small and useless. But when the period has matured he obtains the fruits of his small savings in a lump sum. This lump sum may be utilized in the purchase of houses. "It is greatly to be regretted that, through want of guidance and explanation, through the total absence of any teaching in the idea and methods of Co-operation, through the fact that the only societies available for imitation in this country are trading Joint Stock companies, through the personnel of many of the promoters and directors who are Madras business men, through the natural and in this case undirected desire for gain and lastly through the fact that the only law governing societies is a Commercial or Trading Company law, these essentially Co-operative societies have largely diverged, and are daily diverging more and more, in the path of mere trading societies." Thus did Sir F. H. Nicholson, the father of the Co-operative movement, notice in his valuable treatise on Agricultural Banks their many defects. These defects are rectified by the Nidhis now. They are now becoming more and more co-operative.

The Government is now contemplating to enact a new law for the management of these Nidhis as many of the sections of the Indian Companies Act VII of 1913 are not suited to them. Co-operators will do well to request the Government to frame the law on co-operative lines.

In the United States, "the Building societies more numerous even than in England, are ramified, each independent of the other, throughout the country; they are beginning to be called—even by law—Co-operative banks, which is their true designation, for the mere building of houses or provision for procuring homes is only one function; they provide excellent investments for thrift, they lend money on favourable terms, and they are notable examples of cheap and gratuitous working by those who believe in the duty of assisting others and of developing thrift, self and mutual help, as essential characteristics in national character."

I shall conclude this short paper with the words of the father of the movement:—

"To those who have the highest interests of the growing nation at heart, to those to whom the development of individual and national character in its higher planes and functions is more dear than its development in material and selfish methods, it should be a constant and absorbing effort to strain after the introduction of the co-operative and altruistic rather than the joint stock and self seeking method: effort should also be made to develop the future associations as far as possible independent of state initiative and aid, and if such aid and supervision are necessary at first, effort should proceed in the direction of directing the institutions of such accessories by the development of internal resources for the control, guidance, and assistance of working and nascent societies."

10.—A PROVINCIAL CO-OPERATIVE BANK FOR MADRAS.

[BY M. R. RY. RAI SAHIB K. RAMASWAMI AYYAR AVL. OF MADURA.]

One of the important subjects that is likely to engage the attention of the next Provincial Co-operative Conference that is to be held at Madras about the end of this month is with reference to the formation of a Provincial Co-operative Bank. This constitutes one of the important recommendations of the Imperial Committee on Co-operation which the Local Government and the Co-operators of this Presidency are anxious to give effect to. The Committee have indicated in their report that the Madras Central Urban Bank which was originally designed as a financing bank for all the primary societies in this Presidency may be given an opportunity to convert itself into a Provincial Bank if it was feasible. Many prominent Co-operators desire that this should be done and the shareholders of the Madras Central Urban Bank appear to be equally anxious to do so; but there appear to be insuperable difficulties which cannot be got over except by a radical change in its constitution and working which may eventually work adversely to the interests of shareholders. As Sir V. C. Desikachariar said, in one of his speeches at a recent meeting of the shareholders of the Bank, if Societies were admitted as shareholders of the Bank, it will spell disaster to the Bank and that it would ruin it. It cannot be said he is wrong in his views; but the real question to be solved is whether it is possible to convert the existing Bank into a Provincial Bank. It is necessary to examine the situation rather minutely to find out if the scheme is likely to be feasible and practicable. When the Madras Central Urban Bank was originally organised, there were only 17 primary societies in existence in this Presidency. The first Registrar had no idea of admitting societies as shareholders of this Bank and even if he had, the Act contained no provision for admitting them as shareholders. The Bank was organised solely for the purpose of financing primary societies and it was not intended to do anything further. The shareholders were induced to join more out of spirit of philanthropy and charity than out of any expectation of earning high dividends. The Bank went on splendidly well and within a course of 3 or 4 years the phenomenal success with which the Bank rose into prominence led to the formation of similar banks in the mofussil towns almost on the same model. By this time the co-operative instincts amongst the earlier workers began to develop spontaneously. The tension between the borrower and the lender which is the aim of the co-operation to put an end to, began to assume an acute form, so much so that a spirit of antagonism and adverse criticism began to manifest itself amongst the primary societies in their dealings with the Madras Central Urban Bank. The latter deviated farther and farther from their original aim of philanthropy and charity and began to work after increased dividends year after year. The societies, on the other hand, began to recognise that the large profits that the latter made were earned at their expense. In the place of the village Sowcar whom they sought to avoid getting into his clutches, they found to their immense astonishment the rising into existence of an institution which went far beyond the village financier in hankering after increased profits and differed very little from him in the mode of its dealings with its clients. This state of things was noticed sufficiently early by some of the prominent co-operators and they devised some means of avoiding the danger which was looming ahead. Just at this time the Act was amended which enabled societies to hold shares in other societies. As a consequence of the passing of the Act some federal banks which admitted societies as share-holders were organised and they are working successfully up to this date. The formation of a Provincial Bank is only a step in furtherance of this form of co-operative development which is the outcome of a genuine spirit of co-operation which began to manifest itself in a concrete form since the passing of the Act. Now coming to the subject of the Madras Central Urban Bank, it has to be remembered that the constitution of the Provincial Bank as recommended by the Committee is so entirely opposed both in spirit and in its working to that of the Madras Central Urban Bank as it exists to-day. The committee recommend (1) that it is one of the essential features of a Provincial Bank, that the ultimate control should vest with societies, as Sir V. C. Desikachariar has very rightly pointed out . such transfer of control to the societies would spell disaster and ruin to the Central Bank. (2) That the aim of a Provincial Bank is to serve the interests of the borrower and the lender alike or in other words to bring them together under a common organisation; but the aim of the Madras Central Urban Bank is to earn as high a dividend as possible which could not be done if the borrowers had a predominant voice in the management of its affairs. (3) The principle on which the Madras Central Urban Bank is working, is to pay a low rate of interest on deposits and get the highest rate possible on loans. On the other hand, the constituent societies of a Provincial Bank expect high rate on deposits made by themselves into the Provincial Bank and a lower rate of interest on loans taken by them. Such being the case it is idle to expect that the Madras Central Urban Bank could by any means be persuaded to convert itself into a Provincial Bank as it is understood by the Committee on co-operation, the Government and the prominent co-operators of this Presidency It is reported that an attempt at conciliation is to be effected and that certain steps are suggested which it is expected will lead eventually to the conversion of the Madras Central Urban Bank into a Provincial Bank. The proposals suggested, I do not think, will commend themselves for ready adoption by the promoters of the Provincial Bank. It is true that the Madras Central Urban Bank has now agreed to allot shares to societies. There is no glamour in merely holding a share in Madras Central Urban Bank if the holding of such a share is not accompanied by privileges which ordinarily belong to a share-holder. So long as one class of share-holders is in a hopeless minority, it is worse than not holding a share. Such being the case, it is idle to expect that any society will agree to purchase a share at a premium. So the proposal cannot become acceptable to the societies so long as it is not possible for them to exercise any control over the management of the Bank. It is suggested that votes should be calculated on the number and value of shares held. It is aiming a death-blow to the representative character of the institution and could not be thought of agreeably in this progressive twentieth century of Home Rule agitation; how far votes for representative political institutions, if they are to be based on the proportion of the wealth possessed by the voter would be acceptable to modern politicians, is a thing on which I need not say much. It is next said that the existing shareholders are to be sufficiently safe-guarded in their interests by making them preference shareholders and by guaranteeing to them 9 per cent. dividend. Do the shareholders of the Madras Central Urban Bank really mean that the primary societies and District Banks are composed of men utterly devoid of common sense and thoroughly ignorant of business principles? Do they expect societies to take shares in their

Bank on such conditions as are now held out to them? The societies feel that they are capable enough to run a separate Bank of their own. They are not in the least inclined to accept these conditions. They are convinced that it is exceedingly impracticable to convert Madras Central Urban Bank into a Provincial Bank, so long as individual shareholders have a predominant voice in its management. Let the Madras Central Urban Bank continue as it is so long as it is given the privilege to lend to primary societies. In a system of co-operation rightly developed and safely driven the Banks of the type of the Madras Central Urban Bank can have really no place for their operations and we are convinced as the Committee have rightly pointed out that the Banks of this nature should cease to exist sooner or later. If the Madras Central Urban Bank is to be made into a Provincial Bank, the only possible solution is to throw open a larger number of shares to the societies so that they may always have a predominating voice in its management. If this be not possible, any attempt at conversion will be futile and could not succeed.

11.—A CO-OPERATIVE PRINTING PRESS AND PUBLISHING SOCIETY.

[BY MR. K. S. SRINIVASAN, B. A., B. L.]

The idea of starting in this province a Co-operative Printing Press and Publishing Society has been in the air for some time. As early as the year 1912 there was an actual proposal for bringing into being an organization of this kind but, for reasons which it will serve no useful purpose to recount in this paper, the idea did not attain to fruition. The time seems to have now come for the formation of an association which will run a press on a co-operative basis. The association can undertake to publish in English or vernacular co-operative books, periodicals, pamphlets, leaflets, in fact, literature of every description calculated to promote the cause of co-operation. The press can also print for its members or other recognized constituents, known in co-operative societies as associates, matter not relating to co-operation provided preference is invariably given to co-operative matter. One class of publication to which it can appropriately turn its attention will be newspapers, periodicals or books—not necessarily devoted to co-operation—but issued by any co-operative society which has been constituted for the purpose of publishing such matter. The institution should also manufacture and stock for sale such account books and forms as are approved from time to time by the Registrar of Co-operative Societies for use in societies. In the fullness of time it may be within the range of the practical politics of the society to concert measures for promoting such allied industries as rubber stamp making, type founding, etc.

It is necessary to take a rough stock of the amount of printing work now done annually, by or on behalf of societies, in this province. There are at present in this presidency. (excluding native states) nearly 2,000 Co-operative Societies with a membership of well-nigh a lakh and a half. The average yearly addition to the number of societies is 250 and this rate of increase will perhaps be maintained for a long time to come. Every rural society requires at starting account books and forms of the value of between Rs. 20 to 25 and the recurring expenditure may be safely estimated at Rs. 7 *per annum*, so that the total amount that rural societies alone spend in this way is at least Rs. 7,000 in the year and the figure is bound to go up in the future. Central Banks, the larger town banks, of which there are about a hundred and odd and societies which do business other than borrowing and lending have to make an initial outlay of between Rs. 100 to 200 to equip themselves with all the account books and forms they require. These books have also to be renewed from time to time; and other printing work has to be done, such as the printing of annual reports, proceedings of meetings etc. In a few societies the cost of printing runs up to four digits. The Triplicane Urban Co-operative Society, Limited has to make payments to its printers to the tune of Rs. 2,500 in the year whilst the Madras Provincial Co-operative Union spends perhaps even more in the matter. There is besides all this work to be done for individual co-operators.

A press society should, if one be formed at all, be constituted on a *sufficiently* large scale for, in the violent struggle for existence into which institutions like individuals are thrown as a result of the ruthless competition in the industrial world of to-day there is no *room for quiet, little concerns*. It is not, however, the purpose of this paper to urge the accumulation of a huge capital so as to startle existing institutions : all that is intended is that it should be large enough to enable it to hold its own. A beginning may be made with Rs. 50,000 made up of 10,000 shares of Rs. 5 each, 'Employe' members and co-operative societies seeking admission may be permitted to pay the share money in easy instalments. Provision may also be made for recognising "associates" who will be connected with the press only as its regular customers. They hold no shares and incur no responsibility and as a corollary, can claim no share in the profits nor acquire a voice in the administration. The society should take to itself power to raise loans in consultation with the Registrar; and to invest its surplus capital in such manner as he may direct. It should always be open to the society to carry on any industry auxiliary or allied to printing provided that before any new venture is made the sanction of the Registrar is obtained.

The management of the affairs of the society may be entrusted to a body of seven of whom one should be an "expert" who knows about the business of printing and one a lawyer, competent to advice the society when any question of law arises.

A substantial proportion of the profits perhaps 1/3, should be carried to the reserve. A dividend of 7½ per cent. may be permissible. At the close of each year a rebate may be granted to members in proportion to the value of printing for which they may have paid during the year.

Such, in brief outline, should be the constitution of the proposed society. This institution will be a great help to co-operators in the mofussil where people have to pay heavily for what is often indifferent printing. They will feel that in the metropolis they have a trusted friend who will print for them at as cheap rates as are compatible with neat execution. Moreover the profit arising from such printing will inure to the benefit of co-operators themselves. The press will be one more bond of union among the co-operators; it will, in fact, be a long step forward in the evolution of a self contained co-operative community in which

"Let all doubts be dumb
Let all words be mild
All strifes be reconciled
All pains beguiled."

12.—IMPROVEMENT OF THE TANJORE DELTA BY AGRICULTURAL CO-OPERATION.

[BY RAI SAHIB A. SETURAMA AYYAR OF NIDAMANGALAM.]

The ryots of Tanjore are highly indebted to the Department of Agriculture for trying to improve the fertility of the Tanjore Delta and for the endeavour to economise the seed-rate used for the paddy lands. For this purpose they have opened a Demonstrative Farm at Manganallur and have appointed an itinerant Agricultural Inspector to do propagandist work in the District in single seedling of paddy, green-manuring of paddy lands together with an application of bone-meal or superphosphates.

There are about a million acres under paddy cultivation in Tanjore. By economising the seed-rate there will be a saving of about 30 lakhs of rupees to the ryots of Tanjore. Wherever there are Co-operative Societies in Tanjore, this practice can be very easily introduced. Already many co-operator-mirasidars are using less seed-rate now than before. Still in many places this practice is not in vogue. In my experience of co-operative work for the last eleven years, not one Agricultural Inspector has visited my society or advised its members. This should not be the case. The Agricultural Inspector should visit the societies in turn, catch hold of important co-operator-mirasidars and with their influence try to spread this practice and many others which are useful to the ryots.

In the matter of seed selection very little is being done by the ryots. In the Koilpatti Farm, selection work in cotton has advanced and offers of premia for company cotton were received from firms. Similarly paddy selection should be vigorously pushed on in the Manganallur Farm and selected seeds should be distributed to Agricultural Co-operative Societies which should be organised for the purchase of such seeds. These societies should act as central seed unions for the surrounding villages. Certificates should be issued to those who produce good paddy from such selected seed. The rice-mills in Tanjore District will then begin to give a premium for such paddy. The agricultural societies will then have direct dealings with the mills, driving out the middle men. In the matter of selection Agricultural Co-operation can do a great deal.

As regards green-manuring of paddy lands together with an application of bone-meal or superphosphate, the experiments conducted in the Coimbatore Government Farm reveal the following facts :—

The cultivators obtain the expensive nitrogen by green-manuring at a very low cost. The nitrogen supplied to a crop from oil-cakes costs about 0-8-0 a lb. that supplied by artificial manures about 0-10-0 a lb. whereas nitrogen supplied by green-manuring costs only 0-1-0 per lb.

So green-manuring of paddy is economical when compared to the application of oil-cakes or artificial manures.

A crop of *danicha* grows to a height of about 8 ft. and enough can be produced in one acre for supplying sufficient nitrogen to about four acres of paddy. One acre of sun hemp will produce nitrogen for about two acres. Wild indigo and other dwarf green-manure crops should be ploughed in the same land and they will be sufficient to the same extent. It is evident from this that *danicha* is the best for green-manuring. One acre of *danicha* ploughed in has given 4,200 lbs. of paddy and 4,400 lbs. of straw, whereas an acre of land without such manuring yielded only 3,392 lbs. of paddy and 3,124 lbs. of straw. An application of 500 lbs. of bone-meal to a paddy crop yielded a net profit of Rs. 112. Those ryots that have read these bulletins on the Soil Survey of the Tanjore Delta and the principles of paddy-manuring by the Department of Agriculture, should have come to the conclusion that the green-manuring of paddy lands together with an application of bone-meal or superphosphate would increase the fertility of their lands.

For the purpose of co-operating with the Agricultural Department in its aim to increase the fertility of the Tanjore Delta, the Tanjore District Manure Society Ltd., No. 1885 was registered in August last and commenced its work from October 1st 1916. The objects of this society are to purchase bones, phosphatic nodules, fish-manure, oil-cakes, superphosphates, green-manure seeds and other manures and to refine or mix them to sell to members for cash the finished products such as bone-meal, flower-phosphates &c. and to do such other work as may be conducive to the furtherance of these objects. The managing committee is now thinking of taking on lease about 7 acres of land adjoining to its office belonging to the Palace Estate, Tanjore, solely for producing green-manure seeds such as *Danicha*, sun hemp, wild indigo &c., for distribution to members. Though the season was late when the society started its work, the progress till now made should be considered satisfactory.

Progress in the last two months—Number of members 29; paid up share capital, Rs. 310; entrance fees, Rs. 24; associate members (*i.e.*, pariahs) 34

The associate members need not contribute any share capital to the society and they are now gathering bones for the society. They come every morning to the office, pledge their shares for 1-0-0 each, go out to gather bones and return with them to the society next morning. In this way about 4952 lbs. of bones has been collected at about Rs. 35 per ton. Before the society came into existence these *pariahs* were supplying bones to an agent here for a big firm at about Rs. 18 per ton. Now they rush to the society considering that they are better paid for the labour. Each man earns about 0-8-0 a day. Surely the society has done something to improve their economic condition. From 12-10-1916 to 12-11-1916, 4,292 lbs. of bones were purchased from the associate members for about Rs. 60. To crush the above quantity into small pieces by hammers it took Rs. 11-8-3. About 3,670 lbs. of bone-dust was got as finished product within 32 hours in the disintegrator No. 13 attached to a 9 B. H. P. oil-engine. The screens in the disintegrator were ⅛ inch. The cost of converting into dust in the disintegrator came to about Rs. 30. The managing committee has fixed a rate of Rs. 65 for every ton of bone-meal. Before the end of December all the bone-meal will be sold.

The managing committee made another experiment as regards phosphatic nodules. They purchased one ton of nodules at Rs. 25, delivery in the office premises. It took 8 men to break them into pieces and has cost about Rs. 2. The disintegrator has powdered the pieces within 6 hours. This fine powder is called *flower phosphate*. The committee has fixed Rs. 378 per ton of flower phosphate. There are about 11 square miles of this phosphate nodule region in the Trichinopoly District. About 10 sq. miles belong to the Government and is reserved. The remaining one square mile belongs to the Devastanam of Uttathur in the Perambalur Taluq. About 19 bags of nodules make one ton. The amount paid to Uttathur contractor is about Rs. 15 per ton on rails, Trichy Fort. Gunny bags are supplied by firms such as Messrs. Stains & Co. of Coimbatore. The contractor

pays royalty or license fee of as. 3 to the temple for every bag of nodules. These are taken to Coimbatore and powdered in the disintegrator. The flower phosphate is sold by Messrs. Stains & Co. at about Rs. 45 per ton.

As regards bone-meal and flower phosphates, the Tanjore District Manure Society can under-sell Messrs. Parry's and Stains'.

Flower phosphates should be applied to lands containing a large amount of organic matter. If not, their application does not show any effect at all. The chief use of the mineral phosphate such as flower-phosphate is the manufacture of super-phosphate which consists in treating the phosphates with sulphuric acid so as to convert the insoluble tricalcic phosphate into the soluble mono-calcic phosphate. As the manure society can produce flower phosphate at a cost of about Rs. 30 per ton, and as the Department of Agriculture is very much interested in the propaganda of super-phosphate application to the Tanjore paddy lands, it is hoped that they will co-operate with the manure society in trying to manufacture super-phosphate at a small cost.

Commercial Press, Madras, S. E.

APPENDIX B.

1—REPORT OF THE MADRAS PROVINCIAL CO-OPERATIVE UNION FOR 1915—16.

1. We beg to report on the working of the Union for the period beginning with the 1st of July 1915 and ending with the 30th of June 1916.

2. *Office-bearers.*—The Union sustained an irreparable loss in the demise on the 17th of March 1916 of Dewan Bahadur M. Adinarayana Iya Garu the President of the Union. His wide experience of the world, intimate knowledge of the conditions of this Presidency and of co-operative subjects, his mature judgment, his earnestness in applying co-operation to agriculture and his thoroughness in doing everything which he undertook, made him not only a tower of strength to the Union but a source of instruction and inspiration to all who came in contact with him. At the meeting of the Executive Committee held at Madura on the 17th May 1916 the following resolution was passed :

Resolved :—That the Committee place on record their high appreciation of the individual services rendered by the late Dewan Bahadur M. Adinarayanayya Garu as President of the Union and as one of the most prominent and earnest non-official Co-operators of the Presidency, and their sense of deep regret at the loss which the movement has sustained by his death.

And the resolution was communicated to the bereaved family. The same meeting of the Executive Committee resolved to fill the interim vacancy thus caused by requesting Prof. K. B. Ramanadhan to be President for the remaining portion of the year. At the meeting of the General body of the Union held on 22nd January 1916, bye-law 19 was amended so as to raise the number of the Executive Committee members from 20 to 30 and in consequence the following additional members were elected.

(1) The Hon. Mr. K. R. V. Krishna Rao, Zamindar of Polavaram
(2) The Hon. Rao Bahadur M. Ramachandra Rao
(3) Mr. U. Venkatappayya Pantulu Garu of Tenali
(4) „ K. V. Raghavachari, Nellore
(5) „ M. S. Seshachelam Aiyar, Tiruvannamalai
(6) „ M. Narayana Rao, Penukonda
(7) „ J. Krishnamurti Rao, Cuddapah
(8) „ Ayyakutti Ayyangar, Kurnool
(9) „ Vidya Sagar Pandya, Madras
(10) Rao Bahadur Y. Narayana Rao, Trichnopoly.

All of them agreed to serve on the committee except Mr. Ayyakutti Ayyangar. No new member was co-opted by the Committee to fill the vacancy caused in the number of the Executive Committee by Mr. Audinarayanayya's death.

3. *Shares and members*: At the beginning of the period there were 61 individual members with 333 shares and 117 societies with 279 shares. During the period 13 individuals and 62 societies joined the Union taking 36 and 97 shares respectively. And one member with 20 shares ceased to exist. Thus at the end of the period there were 73 individuals with 349 shares and 179 societies with 376 shares bringing tne total membership to 252 with 725 shares. The rise in the number of society members was largely due to the kind influence of the Registrar and Assistant Registrars to whom our sincere thanks are due. But it must be admitted that considering that there are over 2000 registered societies now, the number of our society members ought to be very much larger and we earnestly appeal to all co-operators who have not yet joined us to kindly do so at an early date and to induce their societies to join us, thus enhancing the usefulness and prestige of the Union.

4. *Meetings*: During the period under report one General Body Meeting and three Executive Committee Meetings were held. One Executive Committee meeting had to be postponed for want of quorum.

5. *The Bulletin*:—The scope of the Union was widened during the year under report by two circumstances. The first was the transfer of the *Madras Bulletin of Co-operation* to the Union from the Triplicane Urban Co-operative Society, and the transfer being finally effected on the 15th of August 1915; the first number of the *Bulletin* issued by the Union was that of September 1915. The second circumstance was the voluntary winding up of the Central Agricultural Committee making over all their assets to the Union including Rs. 1,415, in cash and devolving upon us the obligation to promote co-operation for agricultural improvement. In handing over the editing and management of the *Bulletin* the Triplicane Urban Co-operative Society has entrusted us with the collection of arrears due to it allowing us a commission of one third of the amount collected. At the general body meeting of the Union held on 22nd January 1916, it was resolved to convert the *Bulletin* into a monthly as soon as practicable and to request the Registrar to approve of the raising of its subscription to Rs. 3-0-0. We are sorry to say that though it is nearly a year since we opened correspondence with the Government on the subject, no decision has been arrived as yet. Propagandist work is one of the main objects of the Union and the *Bulletin* is an indispensible means to it. As you are all aware the Government subscribe largely to the English Edition of the Bulletin naturally they are objecting to the proposed enhanced rate. We on our part have not failed to appreciate their present position and have lowered the proposed subscription from Rs. 3 to Rs. 2/8. The Government do not seem to have come to a definite conclusion on the matter. We should like to point out in this connection that the Co-operators of this Presidency have made very little demand for financial assistance from Government for propagandist purposes. Compared with the sister Presidencies, where Co-operative Conferences are generally called at Government expense and journals in some Provinces are also conducted by the Co-operative Department, we need hardly mention that the Union has not taken up the Bulletin in a commercial spirit and that the editing is all done gratis. We trust the Government will be pleased to consider these facts and make it possible to convert the Bulletin speedily into a monthly.

The following statement gives the main items of Receipts and Expenditure of the Union for 1915-16.

***Receipts and Expenditure a/c of the Madras Provincial Co-operative Union, Ltd., for the Co-operative year ending* 30-6-1916.**

Receipts.	Amount.			Expenditure.	Amount		
	Rs	a.	p		Rs.	a.	p.
Opening Balance Cash ...	34	5	4	Bulletin Printing charges	495	12	11
Do. with Bank ...	217	8	1	Printing papers ...	294	0	6
Share money ...	679	0	0	Library books ...	85	0	6
Bulletin Subscription ...	1.788	15	0				
IV Conference: Reception com. fees ...	190	0	0	Conference Expenses excluding suspense payments. ...	790	15	9
Do. Delegation fees ...	146	0	0	Stamps ...	247	0	6
Do Donation ...	514	5	0	Contingency ...	12	9	10
Interest from Fixed Deposit	52	8	0	Establishment ...	584	10	10
Suspense ...	17	8	0	Stationery ...	46	15	8
Assets from C.A. Committee	1,415	6	7	T. A. ...	47	8	0
Mangalore Conference Dontion ...	300	0	0	Return of Bulletin arrears to T. U. O. S. Ld. ...	128	15	4
Int. on the bank a/cs ...	61	11	9	Translation fees ...	74	0	0
Sale of C. A. C. papers ...	36	7	0	Incidental charges for keeping C. a/c with Bank ...	2	0	0
				Deposited in S. Canara Bank ...	300	0	0
				Balance of cash in Bank	2,366	0	2
				Do on hand	28	6	4
Total.	5408	10	9	Total	5408	10	9

We have already mentioned that the Central Agricultural Committee in dissolving themselves handed over to us their assets which included Rs. 1,415-6-7 in cash. The Coimbatore Circle Conferene held in Mangalore in 1915 very generously handed over to us a sum of Rs. 300 being the balance left after the expenses of the Conference had been met. The management of the Bulletin has been responsible for an income of Rs. 1,738-15-0 and an expenditure of about Rs. 1,900 including establishment charges.

7. Soon after the ***Imperial*** *Committee on Co-operation in India* presided over by Sir Edward Maclagan published their Report the Union appointed a strong Sub-committee of 26 members consisting of almost all the prominent non-official co-operators of this Presidency to consider the Report. The Sub-committee duly met at the office of the Union and formulated their opinions in the shape of resolutions which were adopted at the last Provincial Co-operative Conference. We are grateful to mention in this connection that Government kindly supplied the Union with 30 copies of the Report free of cost for the use of the Sub-committee. In the month of February last Mr. O. M. Venkatanatha Ayyangar attended on behalf of the Union the Guntur District Co-operative Conference held at Chinagaduluvarru near Tenali and in April Mr. V. Venkatasubbaiyya attended the Krishna Dt. Co-oprative Conference held at Masulipatam. In accordance with a resolution of the Executive Committee of the 17th of May last Mr. Venkatasubbaiyya visited the Agricultural Co-operative Societies of the following villages:—Uttangudi, Vadamalaipuram, Avalnatham and Lingampatti.

vators of land. Some members were helped to get houses and property of their own; panchamas too poor to engage in agriculture were assisted in buying oxen; and they have now turned agriculturists. The Panchayat could settle 12 civil and 8 criminal disputes. The Panchayat met 11 times and the General Body thrice.

The society has taken 10 shares in the Kistna District Bank and pays at the rate of Rs. 50 per year; it has also taken 5 shares in the Provincial Co-operative Union and pays for this Rs. 5 per year. As this village is centrally situated, the office of the Kaikalur Taluq Union of which this Society is a member is also established in this village. In the ways above described and so many others this society has been doing very valuable work and the Panchayat and also the Assistant Registrar M. R. Ry K. Nageswara Rao Pantulu Garu deserve very high praise.

4—REPORT ON THE WORKING OF THE CUDDAPAH CO-OPERATIVE TOWN BANK, (LIMITED) No. 1414.

This bank was registered on 8-1-1915, and was started on the 19th January 1915, at the instance of the leading educated community of Cuddapah. The Assistant Registrars of Co-operative Societies, Messrs. A. Vedachala Ayyar and T. Srinivasa Rau went to Cuddapah for the purpose of opening the Bank. The Bank started with 69 members holding 726 shares, and with a paid up share capital of Rs. 1,452. At the end of June 1916 there were 221 members on the books of the Bank, holding 1,356 shares with a paid up share capital of Rs. 3922. Members of all the principal communities of the Town, Hindus, Muhammadans and Christians are represented on the membership of the Bank. There were at the end of June 1916, 170 Hindus, 24 Muhammadans and 7 Christians. The Bank is gaining in popularity and steadily attracting the middle poor classes of people. A large percentage of borrowers happen to be Government servants or servants of other public bodies. The sum advanced till the end of June 1916 as loans to members amounted to Rs. 17,303/- of which Rs. 4,292/- was repaid; of this sum lent Rs. 2,346/- was advanced on the mortgage of immoveable properties or on deposits or other securities. Besides the above loans to members a sum of Rs. 40,00/- was lent to other Co-operative Societies before June 1916, and Rs. 3,000/- subsequently. The interest is collected monthly and the members have fallen into the habit of paying interest regularly as far as possible. No interest is allowed to accumulate. As for repayment of principal one good feature of the Bank is that the poorer classes of members who are wage earners have been paying back the borrowed amount in small sums almost every month, although there is no stipulation to pay the principal amount in instalments. The maximum period that could be allowed for a loan including extensions is 4 years. Taking the proportion of the loans advanced to the amount repaid by members it comes to nearly 25 per cent.

The funds of the bank consist entirely of share capital and different kinds of deposits. There is no necessity to borrow either from the Central Bank or from other societies and judging from the credit which the bank commands locally such necessity may not arise also in future. On the other hand although the bank is not a District Bank it can to a certain extent perform the functions of a District Bank in addition to its own functions of a Town Bank. At the end of June 1916 the amount of fixed deposits held by

the Bank amounted to Rs. 9,125; of Recurring deposits Rs. 3,784; of Current deposits Rs. 2,99-15-2. The transaction of the Bank for 1½ years from January 1915 to June 1916, amounted to Receipts Rs. 32,481-9-9. Disbursements Rs. 30,505-15-1. The Directorate of this bank is a strong body and they scrutinize loan applications carefully before sanctioning them. Of the loans taken by members Rs. 286 was due by some of the Directors and Rs. 781 was due by the members for whom some of the Directors stood surety before June 1916. The Directors meet on an average twice a month of Sar, this bank has been working successfully. It may also be noted that at the end of June 1916 there were only two defaulters among the members. The loan of one of them has been fully recovered subsequently. The other defaulter's loan is covered by a mortgage and on account of pressure of family circumstances he could not fully pay up ¼ of the principal loan amount. The idea of Co-operation has not taken deep root in this District. The trade of money lending is generally in the hands of Komatis and some Kapus. The rates of interest which they charge generally in the town of Cuddapah does not exceed 12 per cent and very rarely 18 per cent. The Cuddapah Bank could not have succeeded in attracting so many persons but for the one circumstance that the bank allows the borrowers a rebate of interest on the amount repaid. But the mercantile communities generally do not take small sums in payment of their debts on bonds or pro-notes and there is greater confidence that repayments to the Bank are not suppressed. This Bank has not yet attracted the marcantile community though there are well to do merchants as share-holders only.

Lastly it will be a great pleasure to mention here the remarks made by the Registrar of Co-operative Societies, Dewan Bahadur L. D. Swamikannu Pillai, when he inspected the Bank on 11th December 1915. He says as follows:—"Inspected the accounts of the Cuddapah Co-operative Town Bank on 11th December 1915. The Bank has been working since January 1915, and is in a very satisfactory condition, thanks to the exertions of the Secretary Mr. J. Krishnamurti Rao. The Directors' minutes of meetings show that applications for loans are properly considered, and that adequate security is insisted on. There are very few cases of loans on the security of immoveable property, which is a distinctly Co-operative feature of the bank. Repayments by members are fairly regular, but there is no rule requiring repayment by monthly instalments in those cases in which borrowers are salary earners or otherwise in a position to repay regularly every month. The books are very neatly kept."

5—REPORT ON THE WORKING OF THE ARYAPU CO-OPERATIVE SOCIETY, No. 1082 SOUTH CANARA.

As this society the report of which I have been asked to read before you to-day is only a credit society of the ordinary type, I think it is necessary for me first to let you know how this society was chosen at all for the purpose. About a month ago now, the energetic Assistant Registrar of Co-operative Societies at Calicut with quite pardonable pride for the progress of the movement in his section seems to have conceived the idea of having the report of a South Canara Society read at this Conference. The Central Bank was asked to suggest the name of the society, and our society happened to be selected. As to why exactly the Aryapu Society alone came to be selected out of the 67 societies in the district, I think I had better leave you to imagine for yourselves after you have heard me out.

2. Aryapu is a village to the immediate south of Puttur. According to the census of 1911, its population stood at 1,712 of which 799 were males. Agriculturists of course formed a bulk of the population. A very large number of them were only cultivating tenants but there were some landholders also who used to lend the grain and money wanted by the peasant population. Puttur being only two miles off the success of the Puttur Society caused the people of Aryapu to wish for a society. One was therefore registered on the 4th of October 1913 and formally started work on the 7th of the December that followed. The maximum borrowing power of Rs. 3,000 with which the society started was raised to Rs 6,000, within a year and a half of work. Yheaggregate working capital of the society for the last Co-operative year was Rs. 7,778-7-0 while the gross profits amounted to Rs. 502-8-7.

3. The membership stands at present at 208 of whom one is a Panchama. Of the remaining members—

130 are other classes of Hindus,	8 Jains and
63 are Mahamadans,	6 Christians.

Classified according to professions,—

123 are cultivating tenants,	4 Tappers,
35 are peasant proprietors,	3 Bell-metal workers,
25 Traders,	2 Carpenters and
6 Goldsmiths,	10 Persons following other vocations.

I am glad to say that our society has has been able to raise more than half its total working capital by means of local deposits alone which amount in all to Rs. 3,406 already.

4. Coming next to the question of the loans granted to members, I have to mention that out of the total net outstandings which stood at Rs. 7,525 at the end of November last.

Rs. 1,743 had been obtained for trade, 1,598 for household expenses, 1,448 for purchase of agricultural cattle, 1,388 for the discharge of prior debts, 400 for building purposes, another 400 for improvements to land, 230 for ceremonial expenses, 119 for payment of assessment and 299 for miscellaneous objects.

It is noteworthy that the number of small loans of Rs. 25 and less constitutes a very large majority of nearly 62 per cent. of the total loans. About overdue loans, I am very glad that I have not much to say. There have been defaults once in a while but there were no overdue loans at all pending recovery at the close of the last co-operative year. A few defaults have since then again occurred but the total amount of Rs. 200 outstanding upon them is only one twenty eighth of the aggregate outstandings.

5. One word more and I have done. It relates to the fact though simple, yet unique in the case of an only three years' old, very small, purely rural, credit society, that we have been able to put up a decent building of our own for the society. It has cost us slightly more than Rs. 650, Rs. 250 of which have been drawn from the funds of the society itself. The balance was all contributed by the members. The building consists of a spacious hall with a *dais* for panchayat meetings and a broad verandah in front. The very large proportion of the cost of the building contributed by the members proves beyond a doubt that the society has already come to be considered by the people as a public and permanent concern of their own. The possession of a building is sure to help a good deal in the continued progress and prosperity of the society.

6—Report on the working of the Bukkapatnam Co-operative Credit Society No. 14, Anantapur District.

This society was started on the basis of limited liability on 29th July 1905 by the then Registrar Dewan Bahadur M. R. Ry. P. Rajagopalachariar Avergal. 27 members joined the society on the day of starting. Each member was allowed to borrow up to a maximum of Rs. 100. As there was no co-operative society in this district at the time, and as certain companies, such as, the Balodaya Vivaha Company, had given occasion for fear, people were slow to join the society. When, however, the people saw the society in working order for two years and observed how the general and committee meetings were conducted they were convinced of the benefits arising out of membership and began to join the society. In the meantime, the Registrar Dewan Bahadur M. R. Ry. R. Ramachandra Rau Garu. converte the liability into one on unlimited liability basis. About this time, the neighbouring villagers, becoming acquainted with the benefits arising out of a co-operative society, made attempts to have co-operative societies established in their villages. Being the first society started in the District and its affairs being conducted on right lines, this society has come to be recognized as a first-rate society in the district. There are now 300 members on the rolls who are working in harmonious co-operation.

2. Three-fourths of the number of members on the rolls are agriculturists. All members take interest in the well being of the society. The quorum for a general meeting was originally fixed in the by-laws at fifty per cent. of the strength. It was reduced to one third when it was converted into one on unlimited liability basis. Once or twice it was proposed to further reduce the quorum, for the reason that it might be difficult to secure as many as one-third of the total strength of the society but the members declined to accept the proposal; they represented that they would attend in large numbers and that there was no need to reduce the quorum. On the intimation of a general meeting conveyed by beat of tom tom, members attend the meeting in large number, watch the proceedings with interest and take an intelligent part in its deliberations.

3. The general assembly exercises control over the actions of the Panchayat consisting of a President, a Vice President, a Secretary, a Treasurer and seven other Panchayatdars. Some of the office bearers are replaced at the end of every three years, when re-elections take place, with the treble object of relieving some office bearers from the responsibilities of their offices, of affording opportunities to others of learning how to manage the society and of maintaining a continuity in the adminstration of the society. In this manner members is now forthcoming in the society competent to conduct it affairs.

4. Some Panchamas have joined the society. They were all living in thatched huts and earning their livelihood by cooly work. After joining the society they began to purchase their provisions wholesale with small loans obtained from the society. They discharged the loans by small repayments and four of them now own mud-terraced houses. Two of them also own land. Some carry on petty trade.

5. A member of the society was once a gambler. The society not only declined to grant him any loan but also prevented others from helping him with one. Several members looked down upon him as a man of bad

character. In course of time he was ashamed of himself and put in an application to the society stating that he would abandon gambling for ever and that he would take to trade if he were helped with a loan from the society. He was eventually advanced a loan on the mortgage of immoveable property and began to trade. He gave up gambling and is now in a well-to-do condition.

6. Some of the members were drunkards. One of them applied for a loan when his bad character came under notice. He could not get a loan from the society or elsewhere. He has since given up drinking. Drunkards are afraid of indulging in drink openly, lest they should be shunned by other members. It is hoped that they will also reform themselves in course of time.

7. With the help of loans obtained from the society some members have purchased lands while some other have released their lands from mortgages. A few others, who purchased lands with the help of loans, have been prevented from discharging their loans in full owing to adverse season in the past two years. This year, by the grace of God, the irrigation tank of the village, which is the biggest in the district, has received full supply and those members will be able to discharge their debts in full.

8. The executive officers of the society grant loans to members impartially and see whether all loans are utilized for the declared purposes. They are punctual in meeting the society's obligations. The members scrutinize the accounts from time to time and see that the office bearers are prompt in the discharge of their duties.

9. The society obtained a loan of Rs. 850 from Government and a loan of Rs. 300 from Sir. D. M. Hamilton's Fund. Of these only Rs. 170 out of the former and Rs. 90 out of the latter are at present outstanding. Members' deposits amount to Rs. 1800. The society borrowed Rs. 13000, from the Madras Central Urban Bank of which Rs. 4500 were repaid and Rs. 8500 are now outstanding.

APPENDIX C.

1.—MEMBERS OF THE RECEPTION COMMITTEE.

1. The Hon'ble Sri K. R. V. Krishna Rao.
2. The Hon'ble Mr. A. Suryanarayana Row.
3. The Hon'ble Mr. Yakub Hasan.
4. The Hon'ble Mr Chidambaranatha Mudaliar.
5. The Hon'ble Mr. B. V. Narasimha Ayyar.
6. Professor K. B. Ramanathan.
7. The Kumararajah of Chellapalli.
8. Mrs. Whitehead.
9. Rev. William S. Sutherland.
10. Mr. J. E. Froehlich.
11. Mr Vidya Sagar Pandya.
12. Rao Bahadur C. S. Subrahmaniam (Bellary).
13. Mr J. P. Cotelingam (Bellary).
14. „ V. Venkatasubbaiya
15. „ V. S. Ramaswami Sastri.
16. „ M. Ananta Rau (Puttur).
17. „ C. N. Srinivasa Ayyangar (Hosur Remount Depot.)
18. „ T. A. Ramalinga Chettiar (Coimbature).
19. „ M. Shiva Rao (Puttur).
20. „ Raja Lakshminath Swamiji Arsu (Vital).
21. „ S. Satyamurti Ayyar.
22. „ H. C. Herman.
23. „ R Ananda Rao (Vadamalaipuram).
24. The Zemindar of Papanad.
25. „ P Ramachandra Sastri.
26. „ C. N Krishnaswami Ayyar (Coimbatore).
27. „ J. Krishnamurti Rao Pantulu (Cuddapah)
28. „ P. S. Venkusami Ayyar (Madura).
29. „ V. R Srinivasan (Tanjore).
30. „ N. Krishnaswami Rao (Palamcotta).
31. „ T. S. Narayana Ayyangar (Watrap).
32. „ K Seshagiri Rao (Salem).
33. „ P. L. Ramaswami Naicker (Salem).
34. Rai Sahib C. Aruliah Naidu (Chingleput).
35. Mr. O. M. Venkatanadha Ayyangar (Chengleput).
36. Rao Sahib A. Rama Rao (Manganallur).
37. Rao Sahib C Cunnan Chetty.
38. Mr. R. K Prasanna Venkatasa Rao (Trichinopoly).
39. „ M. Narayana Rao (Penukonda).
40. „ N. Narayana Rao (Bellary)
41. „ M. S. Seshachellam Ayyar (Tiruvannamalai)
42. „ Rai Sahib K. Ramaswami Ayyar, (Madura).

2.—CONTRIBUTIONS FROM SOCIETIES.

Serial No.	District.	No. and Name of the Society.	Amount. Rs.	A.	P.
1	Anantapur.	837 Brnthalapalli ...	1	0	0
2	Do	1562 Gooty L. M. C. B ...	1	0	0
3	Do	635 Chickatmanipalli ...	1	0	0
4	Do	502 Hindupur ...	5	0	0

Serial No.	District.	No. and Name of the Society.	Amount. Rs.	A.	P.
5	Chingleput.	3 Big Conjeevaram U. B. ...	5	0	0
6	Do	381 Little Conjeeveram U. B. ...	5	0	0
7	Do	375 Chingleput U. C. S. ...	3	0	0
8	Do	623 Tiruvallur U. B. ...	5	0	0
9	Do	1560 Chingleput Dt. Banking Union ...	5	0	0
10	Do	1580 Tiruvallur Co-operative Union ...	3	0	0
11	Do	613 Mukundagiri ...	2	0	0
12	Do	1 4 Idayarpakkam ...	1	0	0
13	Do	192 Madurantakam ...	5	0	0
14	Do	1168 Padalam ...	2	0	0
15	Do	1251 Annadur ...	1	0	0
16	Chittoor.	59 Chittoor U. C. S. ...	2	0	0
17	Do	633 Katnagallu ...	1	0	0
18	Do	1233 Pakasala ...	1	0	0
19	Coimbatore.	1188 Karamadai ...	1	0	0
20	Do	1189 Mangalakaraipudur ...	1	0	0
21	Do	1417 Pattakaranur ...	2	0	0
22	Do	1811 Karamadai Co-operative Union ...	5	0	0
23	Do	1445 E r o d e Municipal Conservancy Staff C. S.	2	0	0
24	Do	1348 Karambapalyam ...	2	0	0
25	Do	1655 Nayakarpalyam ...	2	0	0
26	Do	546 Sulur ...	5	0	0
27	Do	1674 Karamadai Vadavalli ...	1	0	0
28	Do	1236 Marudur ...	1	0	0
29	Do	427 Coimbatore Dt. U. Bank ..	25	0	0
30	Do	26 Coimbatore Bank and Stores ...	5	0	0
31	Do	1081 Coimbatore Co-operative Building Society.	5	0	0
32	Do	757 Tholampalyam ...	5	0	0
33	Gangam.	40 Berhampore U. B. ...	5	0	0
34	Guntur.	530 Guntur Dt. Banking Union ...	5	0	0
35	Do	23 Tenali U. B. ...	2	0	0
36	Do	1453 Kolluru Parvati C. Bank ...	4	0	0
37	Do	393 Chinnagadlavarru ...	2	0	0
38	Kistna	1422 Kistna Dt. C. B. ...	10	0	0
39	Do	84 Venkatapuram ...	1	0	0
40	Do	743 Vemanda. ...	1	0	0
41	Madras	900 Madras City Co-operative Bank ...	5	0	0
42	Do	15 T. U. C. S Ld ...	50	0	0
43	Do	Madras Central Urban Bank ...	25	0	0
44	Madura.	28 Madura U. C. Society and Stores...	15	0	0
45	Do	81 Othakkadai ...	2	0	0
46	Do	1048 Uthangudi ...	2	0	0
47	Do	29 Tirumangalam ...	5	0	0
48	Do	975 Madura Ramnad Dt. C. B. ...	15	0	0
49	Malabar.	1534 Cannanore ...	1	0	0
50	Do	784 Velancheri ...	2	0	0
51	Nellore.	1364 Kavali Co-operative Bank ...	1	0	0
52	Nilgiris.	959 Coondapoor ...	1	0	0
53	North Arcot.	570 Tiruvannamalai ...	5	0	0
54	Do	1187 Vellainaikeneri ...	1	0	0

Serial No	District.	No. and Name of the Society.	Amount.		
55	Ramnad.	147 Vadamalaipuram ...	2	0	0
56	Do	1333 Sankaralingapuram ...	1	0	0
57	Do	1336 Sivaganga ...	3	0	0
58	Do	590 Subramaniapuram. ...	1	0	0
59	Do	474 Meltazallapatti ...	1	0	0
60	Salem	115 Pottipuram ...	5	0	0
61	Do	151 Salem Dt U. B. ...	15	0	0
62	Do	25 Salem U. C. S. ...	10	0	0
63	Do	601 Mattigiri ...	10	0	0
64	Do	169 Tolasampatti ...	2	0	0
65	Do	762 Periyerepatti ...	2	0	0
66	Do	289 Manthai ...	2	0	0
67	Do	1259 Uppalapatti ...	2	0	0
68	Do	1709 Kama apuram ...	1	0	0
69	Do	1504 K. Kallipatti ...	1	0	0
70	Do	1260 Reddipatti ...	1	0	0
71	Do	327 M. Nellagoundanpatti ..	2	0	0
72	Do	1258 U. Maranangalam ...	1	0	0
73	Do	1257 Periyeripatti ...	2	0	0
74	Do	1261 Kanthacharipatti ...	2	0	0
75	Do	1262 Sathapadi ...	2	0	0
76	Do	291 Amarakundi ...	2	0	0
77	Do	1513 Chintamaniyur ...	2	0	0
78	Do	1707 Kullampatti ...	1	0	0
79	Do	1694 Sathiamangalam ...	1	0	0
80	Do	43 Pakalpatti ...	1	0	0
81	Do	173 Sinnappampatti ...	2	0	0
82	South Arcot.	116 Jalakantapuram ...	2	0	0
83	Do	46 Tindivanam U. B. ...	3	0	0
84	Do	1055 Sellankuppam ...	1	0	0
85	Do	1526 Kollar ...	1	0	0
86	Do	1425 Kettanai ...	1	0	0
87	South Canara.	1112 Bantwal ...	5	0	0
88	Do	181 Puttur ...	2	0	0
89	Do	1113 S. Canara District Bank ...	7	0	0
90	Do	1082 Aryapu ...	1	0	0
91	Do	958 Udipi ...	5	0	0
92	Do	960 Byndur ...	2	0	0
93	Do	974 Vittal ...	2	0	0
94	Tanjore.	831 Tirukkattapalli ...	5	0	0
95	Do	8 Nicholson T. B. ...	5	0	0
96	Do	378 Tiruvalur U. B. ...	3	0	0
97	Do	27 Mannargudi U. B. ...	10	0	0
98	Do	326 Vanduvanjeri ...	3	0	0
99	Do	1028 Tanjore District C. B. ...	10	0	0
100	Tinnevelly.	1010 Palamcottah U. C. S. ...	5	0	0
101	Trichinopoly.	30 Lalgudi R. B. ...	2	0	0
102	Do	1050 Trichinopoly C. C. B. ...	7	0	0
103	Do	19 Namkkal U. B. ...	5	0	0
104	Do	1323 Triuppalaturai ...	2	0	0
105	Dewan Bahadur R. Ramachandra Rao I.S.O.		5	0	0

3. LIST OF DELEGATES

Serial No.	Name of Dt.	No. and Name of the Society.	Name of the Delegate.
1	Anantapur	1503 Nellacheruvu ...	[The Secretar.]
2	Do	620 Tanakallu ...	[Do]
3	Do	1376 Sankepalli ...	[Do]
4	Do	635 Chikatmanipalli ...	M. Lakshmana Rao.
5	Do	837 Bonthalapalli ...	K. Venkataramappa.
6	Do	... Do. ...	Yaranayani Siddappa.
7	Do	243 Somandapalli ...	Narayana Reddi.
8	Do	424 Sattepalli ...	K. Hanumantha Rao.
9	Do	14 Bukkapatnam ...	Lakshmi Narasimha Sastri.
10	Do	371 Penukonda ...	N. Somasundaram.
11	Do	... Do. ...	M. Narayana Rao.
12	Bellary	1638 Kampli ...	K. Subbaraya Sastri.
13	Chingleput	1688 Aryambakkam Panchama.	M. S. Ponnusamy.
14	Do	1580 Tiruvallur Co-operative Union ...	[Secretary]
15	Do	613 Mukundagiri ...	Chakravarthi Ayyangar
16	Do	679 Selai ...	T. Murugesa Mudaliar.
17	Do	685 Palaisivaram ...	Kuppusami Ayyangar.
18	Do	1668 Old Pallavaram ...	M. Krishna Ayyar.
19	Do	623 Tiruvallur U. B. ...	J. M. Sama Raju.
20	Do	1119 Ponneri Arni ...	M. Chengalvaraya Chetty.
21	Do	1283 Padirivedu ...	C. Chengali Chetty.
22	Do	1253 Sembiam ...	T. V. Appa Rao Naidu.
23	Do	1072 Taiyur ...	T. Asirvadam
24	Do	630 Kilacheri Union ...	Shavariah Naidu.
25	Do	144 Idayarpakkam ...	V. Rangappa Naidu.
26	Do	3 Big Conjeevaram T. B....	A. Gangadara Mudaliar.
27	Do	1560 Chingleput District Banking Union ...	P. Ramachandra Sastri.
28	Do	375 Chingleput Urban Bank.	P. B. Krishnamachariar.
29	Do	767 Tirupachchur ...	Veerabadra Gurukkal.
30	Do	1669 Singaperumal Koil ...	Lakshmiah Naidu.
31	Do	139 Gundaperumbedu ...	S. Thomas Naidu.
32	Do	1743 Sendamangalam ...	M. Raju Naicker.
33	Do	1686 Nattapettai ...	Ekambara Mudaliar.
34	Do	1889 Ekanambedu ...	Murugesa Mudaliar.
35	Do	1646 Paparambakkam ..	E. Subramania Naicker
36	Do	334 Alapakkam ...	S. V. Srinivasa Ayyangar
37	Do	842 Saidapet Kunnathur ...	K. Nadaraja Mudaliar
38	Do	676 Tiruvankaranai ...	Prasanvaraghavachari.
39	Do	91 Tirupandiyur ...	B. Papayya Naidu.
40	Do	460 Tannirkulam ...	G. Seshadri Ayyangar.
41	Do	1071 Tiruvallur Karanai ...	Doraisami Pillai.
42	Do	92 Molasur ...	P. Chinnayya Naidu.
43	Do	1277 Manallur ...	Bala Veerappa.
44	Do	37 Zamin Nungambakkam ...	B. Subbarayulu Naidu.
45	Do	1131 Sittalapakkam .	Annadurai Chetty.

Serial No.	Name of Dt.	No. and Name of the Society.	Name of the Delegate.
46	Chingleput.	894 Konnur ...	Arunachalla Mudaliar.
47	Do	1278 Navapakkam ...	A. N. Raghavelu Naidu
48	Do	841 Kavanur ...	Murugesa Mudaliar.
49	Do	97 Akkamapuram ...	C. Gopala Pillai.
50	Do	380 Uttaramerur Co-operative Union ...	O M. Venkatanadha Ayyangar.
51	Do	192 Madurantakam ...	T. Raghavachariar.
52	Do	... Do ...	M. P. Thiruvenkatachariar.
53	Do	800 Nenmeli ...	N. Gopalaswami Ayyar.
54	Do	1860 Conjeevaram Co-operative Supervising Union ...	Ramanujalu Naidu.
55	Do	343 Kuvam ...	Thirupurantaka Gurukkal.
56	Do	541 Irulanjeri ...	Ganapathi Mudaliar.
57	Do	1757 Marudam ...	C. Varadarajulu Naidu.
58	Do	710 P. Madambakkam ...	Ayathi Mudaliar.
59	Do	1599 Salavakkam Union ...	A V. Doraisami Ayyar.
60	Do	225 Salavakkam ...	Sivanandam Pillai.
61	Do	1251 Annadur ...	V. Srinivasachari.
62	Do	1 Tirur ...	Valayudam Pillai.
63	Do	175 Oragadam ...	K. Govindachariar.
64	Do	1623 Shrotriam Arungunam ...	Vadivelu Pillai.
65	Do	1625 Reddippettai Weavers...	Govinda Chetty.
66	Do	... Do ...	T. Varadarajulu Naidu.
67	Chittoor	633 Katnagallu ...	[Secretary]
		624 Marudavallipuram ...	Narayanasami Reddi.
68	Do	1740 Sompadi ...	K. Narasimha Sastrulu.
69	Do		
		1173 Rajarathnapuram ...	Veerasami Reddi.
70	Do	... Do ...	Ponnappa Reddi.
71	Do	59 Chittoor U. C. S. ...	V Krishnasami Ayyar.
72	Do		
		1417 Pattakaranur ...	[President].
73	Coimbatore	1467 Chennamalaipalyam ...	[Do]
74	Do	1674 Karamadai Vadavalli ...	Gopalakrishna Iyer.
75	Do		
		1333 Sankaralingapuram ..	[President]
76	Do	1655 Nayakkampalyam	V. Ranga Rao.
77	Do	1811 Karamadai Co-operative	H G. Govindasami
78	Do	Union ...	Ayyar.
		... Do ...	P. Tiruvenkata Goundar.
79	Do		
		1188 Karamadai ..	Nanjappa Goundar.
80	Do	1348 Kurumbapalyam ...	V. R. Venkatasubramani Ayyar.
81	Do		
82	Do	1236 Marudur ...	Swamikannu.

Serial No.	Name of Dt.	No. and Name of the Society.	Name of the Delegate.
83	Coimbatore.	... Do	...Ramaswami Goundar.
83	Do	1675 Kuranur	...Lakshmi Venkatramana Ayyar
84	Do	665 Kunampatti	...K. Rajagopala Rao.
85	Do	40? Mettupudur	...M.N. Arunachala Goundar.
86	Do	414 Virumandapalyam	...V. S. Raja Goundar.
87	Do	184 Kambliampatti	...K.M.C. Rungiah Goundar.
88	Do	427 Coimbatore Dt. Bank.	C. N Krishnaswami Ayyar.
89	Do	26 Coimbatore Bank and Stores	...K. R. Subbarayar.
90	Do	1081 Coimbatore Building Society	...T A. RamalingaChettiar
91	Do	344 Sullipalayam	...Ramaswami Goundar.
92	Do	423 Tudupathi	...Muthumanikkam Mudaliar.
93	Do	185 Kaikolapalayam	...K. P Krishnaswami Goundar.
94	Do	417 Vadamugam Kangayam Palayam	...Rama Reddiar.
	Do	... Do	...Rengaswami Reddiar.
95	Cuddapah	716 Ravachuti	...Pal ai Seshacharlu.
96	Do	872 Kamasamudram	...[President]
97	Do	1414 Cuddapah Town Bank	...K. Lakshmana Rao.
98	Godaveri	729 Peddapuram Castle-Stuart, Stuart	...Chella Subbarayadu.
99	Guntur	893 Chinnagudlavarru	...B. Hanumantha Rao.
100	Do	1140 Krapa	..Kurra Gopala Krishnayya.
101	Do	861 Nadimpalli	...M. Venkatasubba Rao.
102	Do	... Guntur M. S. C. S.	...P Krishnamachariar.
103	Kistna	1422 Kistna District Bank	...V. Narayana Row Pantulu.
104	Do	576 Alapadu	...[President]
105	Do	84 Venkatapuram	...? Venkatachalapathy.
106	Do	743 Vemandla	...V. Seetaramayya.
108	Kurnool	... Devanakonda	...[Secretary]
109	Do	109 Kurnool Urban Bank	...P. Ramaswamy Ayyer.
110	Madras	1628 Chintadripet	...G. Harisarvothama Row
111	Do	... Do.	...Rao Sahib T. Lakshmana Naicker.
112	Do	15 T. U. C. S. Ltd.	...Rao Bahadur G. Narayanasami Chetty.
113	Do	... Do.	...S Satyamurthy Ayyar.
114	Do	... Do.	...K.B. Ramanatha Ayyar
115	Do	1165 Nallancheri	...Panchanadam.
116	Do	900 Madras City Bank	...C Rajagopalachariar.
117	Do	1636 Perambur Co [illegible]	...Veerasamy.

Serial No.	Name of Dt.	No. and Name of the Society	Name of the Delegate.
118	Madras	... Royapetta C.S.	...Muniyan.
119	Do	... Do.	...S. Singaravelu.
120	Do	... Do.	...M Muruga Pillai.
121	Do	... Do.	..K. Krishnasami Naidu
122	Malabar	1538 Calicut Urban Bank	...V. K. Menon.
123	Nellore	1559 Sulurpet	...S. Munusami Chetty.
124	Nilgiris	673 Kerhatta Rice	..Bella Goundar.
125	Do	1179 Nanthala	...Karchi Goundar.
126	North Arcot.	1185 Nattarampalli	...R. C. Anumantha Gdr
127	Do	4 Kaveripauk	...Narasimba Mudaliar.
128	Do	64 Anakkavur	...P Narayana Ayyar.
129	Do	846 Raghunadhasamudram	...R. S Rengasami Ayyangar.
130	Do	1460 Mecheri Arumbakkam	...T.C. Ramanatha Ayyar.
131	Do	1461 Kalavai Puthur	...Thandavaroya Mudr.
132	Do	1290 Arnikolathur	...K. Ramachendra Sastri.
133	Do	1263 Karindulambadi	...Balakrishna Reddi
134	Do	1462 Kalavai Sinnasamudram	.R. Venkatasubbaiyar.
135	Do	485 Polur	...Shanmuga Mudaliar.
136	Do	1177 Pilasur	...N.S. Venkatasubbaiyar.
137	Do	1830 Alliyalamangalam	...K Narayana Ayyar.
138	Do	1464 Kaniyanur	...C. Sitharama Ayyar.
139	Do	847 Kalavai	...Chinnasami Gurukkal.
140	Do	... Do.	...Doraisami Mudaliar.
141	Do	... Do.	...Seshachellam Mudaliar.
142	Do	... Kalavai Union	...M. Singaravalu Mudaliar.
143	Do	570 Tiruvannamalai	...R. V. Arthanari Ayyar.
144	Do	... Do.	..C. M. Venkoba Rao.
145	Do	1385 Tiruvannamalai Taluk Co-operative Union.	M. S. Seshachellam Ayyar.
146	Do	1129 Turinjapuram	...Krishna Reddiar.
147	Do	1142 Arangi	...Abbu Pillai.
148	Do	1567 Mulluvadi	... (President)
149	Do	456 Walajah Alapakkam	...A. Ragavachariar.
150	Do	1148 Kaveripauk Union	...A. Govindachariar.
151	Do	913 Vengunam	...M. Murugesa Mudaliar.
152	Do	176 Vangur	...P. Srinivasa Ayyangar.
153	Do	1175 Edayansathu	...S. Appavu.
154	Do	1255 Virupakshipuram	...Subbaraya Goundar.
155	Do	235 Olugur	...Viraraghava Thikshathar.
156	Do	473 Sumaithangi	...P. Margabandu Ayyar.
157	Do	1557 Devikapuram	...A. Rajagopala Ayyar.
158	Do	1386 Polur Co-op. Union	...P. Sama Ayyar.
159	Do	1231 Kilpalur	...Venkatachella Ayyar.
160	Do	1230 Kadaladi	...Neelakanta Pillai.
161	Do	1738 Kannimangalam	...Arunachalla Ayyar.
162	Do	1594 Melnathapakkam	...Venkata Perumal Mdr.
163	Ramnad	413 Peddusettipatti	... [President]
164	Do	1093 Vadamalaipuram	...R. Ananda Rao.

Serial No.	Name of Dt.	No. and Name of the Society.	Name of the Delegate.
165	Ramnad	995 Wattap	T.S. Narayana Ayyangar
166	Salem	115 Pottipuram	Vijiaraghava Ayyar.
167	Do	... Do.	S. Venkataramana Iyer.
168	Do	601 Mathigiri U. B.	V. Subramani Ayyar.
169	Do	43 Pakalapatti	V. Dasi Naidu.
170	Do	151 Salem Dt. Bank	V. Sadagopa Mudaliar.
171	Do	... Do	P.L. Ramaswami Nr.
172	Do	169 Tholasampatti	Gottiah Goundar.
173	Do	1483 Tholasampatti Union	T. C. Krishnasami Iyer.
174	Do	1709 Kamalapuram	K. R. Rajagopala Iyer.
175	Do	1504 K. Kalipatti	K. Srinivasa Ayyar.
176	Do	1260 Reddipatti	Ellappa Goundar.
177	Do	1259 U. Maramangulam	Parama Goundar.
178	Do	1257 Periyeripatti	Ganapathy Goundar.
179	Do	1251 Kandasarapettai	Yerra Chettiar.
180	Do	173 Chinnappanpatti	Chandra Sekhara Iyer.
181	Do	266 Laligam	L. Ramakrishna Ayyar.
182	Do	116 Jalakantapuram	C. Venkatachella Iyer.
183	Do	125 Kambainallur	T. Raja Rao.
184	Do	... Do.	K. Srinivasa Rao.
185	Do	... Do.	C. P. Sundara Rao.
186	Do	165 Neikarapatti	N. Kuppusami Ayyar.
187	Do	... Do	(Secretary)
188	South Arcot.	717 Olakkur	(President)
189	Do	1614 Rettanai Agri: C. S.	P. Lakshmana Reddi.
190	Do	...	(President)
191	South Canara	1112 Bantwal	Sherbet Ganapathy Rao
192	Do	1082 Aryapu	Bhavani Sankar Rao.
193	Do	1113 S. Canara Dt. Bank.	M. Ananta Rao.
194	Do	181 Puttur	M. Shiva Rao.
195	Tanjore	931 Vanjiyur	C. Srinivasa Ayyar.
196	Do	1023 Tanjore Dt. Bank	T.R. Sreenivasa Iyengar
197	Do	... Do.	S. P. Natesa Ayyar.
198	Do	76 Sengalipuram	S. Venkatarama Ayyar
199	Do	1023 Tanjore D. C. Bank	V. Panchapekesa Iyer.
200	Do	1078 Serikalathur	S. P. Natesa Ayyar.
201	Do	7 Neelamangalam	Sathurama Ayyar.
202	Tinnevelly	1471 Ambasamudram	K. R. Sankara Narayana Ayyar.
203	Do	1010 Palamcotta U. C. S. & 1079 Palamcotta Stores	V. Krishnaswami Rao.
204	Trichinopoly.	1050 Trichinopoly C. C. Bank	P. Krishnaswami Pillai.
205	Do	1495 Ariyur	A.S. Vydhinatha Iyer.
206	Do	194 Manavasi	T. Rangasami Iyengar.
207	Do	273 Vaiady	V. N. Kandasami Iyer.
208	Do	683 Tappai	Ponnusami Mudaliar.
209	Do	20 Velur	R. Muthusami Chetty.
210	Do	1312 Namakkal Union	C. M. Ranga Rao.
211	Do	1323 Tirupiaturai	Raghunathaswami Iyer.
212	Vizagapatam	1358 Vizianagaram C. B.	M. Venkataranga [illegible]

THE

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NOTES AND NEWS.

Ourselves.

As announced previously, the present issue is the first number of our monthly. There has been unavoidable delay in the publication of this number due to the necessary declaration to be made under the Press Act for change of publisher's place from Triplicane to Royapettah.

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Co-operation in Mysore.

We have read with pleasure and profit the interesting report of the Registrar of Co-operative Societies in Mysore for the year 1915-16. It is arranged so as to facilitate reference: the contents are given in detail, the progress of each district is dealt with separately, interesting societies and people responsible for their management are mentioned by name and lists of Inspectors and Honorary Supervisors, one for each, are given with their respective areas of operation. The Government not having unduly restricted the length of the report, it reads complete and continuous, unlike the Madras report for the same year. The figures that indicate the progress of the movement there were given in our last issue.

In some important respects Mysore is a-head of our Presidency. There are 27 Inspectors of Co-operative Societies in Mysore, but no less than 13 of them are graduates, which fact shows that the average Inspector there possesses higher educational qualifications than our Inspector. Out of 800 societies that were working at the end of June 1916, only about 200 had borrowed any moneys from the central banks, the remaining 600 managing with local deposits. The Registrar explains this fact by saying that the societies "refuse to incur the responsibility of borrowing from outside till they raise some capital locally and learn to manage their affairs with confidence." Whereas in our Presidency there is perhaps not a single society which has dispensed with the aid of the central banks; in fact, the prospect of borrowing from them at 7½ per cent. interest is the most powerful incentive to the formation of rural credit societies here. The proportion of non-agricultural societies is much higher in Mysore, being 134 out of 800 societies of all kinds, while we have 157 out of 1,800. An analysis of the societies reveals a still greater difference in favour of Mysore.

	Madras.	Mysore.
Central Banks and Unions	42	18
Primary Credit Societies	1,727	708
Purchase and sale	21	21
Production	1	38
Others—(Miscellaneous)	9	15
	1,800	800

The 38 productive societies of Mysore may be further analysed as follows:—

For Lacquerware Artisans	1
Lift-irrigation	2
Sericulture	4
Jaggery manufacture and rice-hulling	7
Dairy Farming	1
Weavers	21
Sandal-wood carvers	2
	38

The variety and enterprise of the Mysore Societies are striking. The only productive society of our Presidency is the Conjeevaram Weavers' Union. There are no less than 21 such societies in Mysore. They had a membership of 1,273, purchased yarn and goods worth about Rs. 68,030 and sold goods valued at Rs. 115,000. The societies for lift-irrigation, sericulture, jaggery-manufacture and rice-hulling will be watched all over the country with special interest. Their success will largely depend upon the co-operation of the Industries Department. We take it that their formation is directly attributable to the Economic Conference and its activities started by Sir M. Visvesvarayya. Four o the jaggery-manufacturing and rice-hulling societies obtained loan

ranging between Rs. 10,000 and Rs. 20,000 in each case from the Government under the Takkavi Rules of September 1913 for the purchase of plant &c., which were fitted up and worked in the early stages by the Industries Department,

During the year one provincial, two district and as many as thirty-one taluka co-operative conferences were held. These conferences are somewhat different from those of our Presidency, for, while the latter are convened and managed entirely by non-officials, the former are held under official auspices and generally arranged by the Registrar. If the Mysore report had given the total cost to the public tax-payer of the working of the Co-operative Societies Act, as it is given in the Madras report, we should have known how much public money was spent upon these conferences. Nevertheless, their educative value could not but be immense and we have every reason to envy the taluka conferences of Mysore.

The most pleasing feature, however, is the institution of Honorary Supervisors of whom there were no less than 45 in the year 1915-16, of them the Registrar says:

"They preach the principles and benefits of co-operation and by their advice and encouragement assist in the organisation and general inspection of co-operative societies. Their charge is generally a taluk and they are appointed from year to year. They draw only a small travelling allowance not exceeding one rupee per day for their out-of-pocket expenses. This year there were 45 Honorary Supervisors working. They spent each on an average 139 days in co-operative work."

This is indeed a glorious record; the duties of the Mysore Honorary Supervisors are more responsible and taxing than those of our honorary organisers and humbler than those of Honorary. Assistant Registrars whose appointment has been recommended by some. We wonder if a similar system cannot be devised for our Presidency.

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The Madras Central Urban Bank, Ltd.

The Audit order of the Madras Central Urban Bank, Ltd., for the year ending 30th June 1916 with the necessary statements appended to it has been published. The figures under various classified items reveal the voluminous transactions of the Bank. The smallness of the profit as compared with that of previous years is due to the fact that the amount of interest accrued but overdue was under the rules framed by Government not included in the profit for the year. The following are extracts from the order:—

"The deposits held by the bank (including the overdraft from the Madras Bank) rose from Rs. 26,63,000 on 30th June 1915 to Rs. 30,35,000. The interest paid on borrowings during the year was Rs. 1,43,529-11-6 against Rs. 1,47,891-11-9 in the previous year. Loans disbursed to societies during the year amounted to Rs. 8·62 lakhs (to Central Societies Rs. 1·15 lakhs and to other societies Rs. 7·47 lakhs) against Rs. 6·53 lakhs in the previous year and those repaid by them were Rs. 5·01 lakhs (Rs. ·52 lakh by Central Societies and Rs. 4·49 lakhs by other societies) against Rs. 6·54 lakhs in the previous year. The amount of loans due from societies and members was Rs. 31·38 lakhs on the last day of the year 1915-16, against Rs. 27·58 lakhs on the last day of the previous year. The system of prudential deposits was newly introduced in the year under report and the receipts under this head amounted to Rs. 11,344-3-0.

"During the year under review, the Bank earned a net profit of Rs. 21,770-5-6 against Rs. 56,866-10-2 in the previous year. The fall in the profit was due to the exclusion of overdue interest from the profit account. Under by-law 17 of the bank, one-fourth of the net profit, *viz.*, Rs. 5,442-9-4 should be carried to the credit of the Reserve Fund. The bank is requested to invest this sum in the Bank of Madras. With this amount the total reserve of the bank will amount to Rs. 96,442-9-4. The remaining three-fourths, *viz.*, Rs. 16,327-12-2 will be available for distribution as dividend, bonus or otherwise as the bank may decide. A sum sufficient to bring the dividend up to 9 per cent. may be taken out of Rs. 28,039-1-2, the amount brought forward from the previous year's profit account.

"The Registrar is glad to note that the bank continues to maintain its high level of efficiency in the management of its business."

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The Bombay Co-operative Quarterly.

We extend our heartiest welcome to the *Bombay Co-operative Quarterly*, the first number of which was published in June last. In every province the need is being increasingly felt for an organ which shall record the progress of the movement and serve as a means for communicating to each

other the varied experiences of co-operators in different parts of the province. Moreover no propagandist work could be effectively done without a journal. The first of its kind to be started was the *Madras Bulletin of Co-operation* which has now completed the eighth year of its existence and which owes its inception to the zeal of the Hon'ble Dewan Bahadur R. Ramachandra Rao. Bengal, the Central Provinces and Mysore have each of them their own journals now. The Co-operative interests of Bombay were being served for sometime by a weekly called "Commerce and Co-operation," but it ceased to appear about two years ago. Our Bombay contemporary is issued by the Bombay Co-operative Library which is located in the local branch of the Servants of India Society. It is edited by a committee of four gentlemen among whom are Rao Bahadur Talmaki of the Saraswat Co-operative Housing Society and Mr. V. L. Mehta, Manager of the Bombay Central Co-operative Bank. The former is the life and soul of the most successful non-agricultural society (the Shamrao Vithal Urban Society) in the Bombay Presidency and the most successful housing society in the whole of India. The latter, a brilliant graduate and keen student of Co-operation, is the son of the Hon. Mr. Lalubhai Samaldas, C. I. E. and has first-hand knowledge of the state of the movement all over the country, having travelled with the Maclagan Committee on Co-operation. The present number contains several valuable articles and notes and the get-up is attractive. We hope it will soon be possible to bring out vernacular editions of it, for otherwise its utility is bound to be limited.

It contains a foreword by the Hon. Sir Claude Hill, Member of the Viceroy's Executive Council, in which he urges the official and non-official co-operators to concentrate their energies on lightening the burden of indebtedness which is sitting heavily on the shoulders of the agricultural and industrial classes. In doing so he recommends the example of the societies for debt redemption among the mill-hands and scavengers of Bombay, started by the Servants of India Society. The Hon. Mr. Keatinge, Director of Agriculture, has written an article on co-operative sale of cotton for which four societies have recently been started in Dharwar District. He points out how the cotton-grower has been losing a good deal of his legitimate income by the terms and tricks of the middle-men merchants, and by his carelessness in picking and grading cotton. Mr. Crosthwaite, Registrar of Co-operative Societies in the Central Provinces, has written an admittedly rambling article which, however, contains many observations which are very true. "There are, it is true, a considerable number of non-official workers, but if the Co-operative movement is to be effective this number must be greatly increased. There is not, from the non-official side, half enough bite and sting in the matter of Co-operative effort." Again, he says that the progress of Co-operation "depends upon the supply of workers, paid and unpaid, and most of all, perhaps, on the degree of importance attached to economic development by those who are the elected representatives of their countrymen. Bricks cannot be made without straw." Mr. Ewbank, Registrar of Bombay, has contributed an instructive article on the rate of progress in the different provinces of which we shall give a summary in our next issue.

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Co-operation in Agriculture.

There has been a loud complaint that facilities are not given to credit societies to do non-credit work also, such as, joint-purchase and joint sale of agricultural produce of the members. We cannot conceal the fact that agricultural co-operation has not thriven at all in this Presidency and that suitable remedies have not yet been adopted to cure the chronic indebtedness of the ryot. It is no wonder that in the circumstances the Agricultural Department has found fault with the departmental order which prohibited the combination of credit with non-credit functions in a co-operative society as the existence of such a rule does not help agricultural development. The Government at the instance of the Registrar have since passed orders permitting credit societies, as an experimental measure, to sell produce jointly.

We trust that the credit societies will avail themselves of this concession, however small it may be, and utilise it to their best advantage.

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Co-operation in Assam.

The Co-operative movement does not seem to be progressing as fast as it might in the Province of Assam. The year 1915-16 began with 301 Societies to which, 33 new ones were added in the year; but 19 Societies were liquidated, so that at the end of the year there were only 315 Societies, of these 10 were central banks, 2 supervising unions,

18 non-agricultural and 285 agricultural societies. The 10 central banks issued during the year under report, only about Rs. 44,000 as loans to the primary societies as against Rs. 57,000 in the previous year when there were only 7 central banks. There was scarcity during the year in rural parts and the dues of the central banks could not be realised; hence they were not in a position to issue a larger amount in loans to societies. The total working capital of the Agricultural Societies was a little short of 4 lakhs, of which nearly half came from the central banks and over 20 per cent. were members' deposits. The rates of interest are higher than in this Presidency and varying. On fixed deposits 5 to 9 per cent. are given, the societies borrow from central banks at 7½ to 12½ per cent. and the members pay between 12½ and 18¾ per cent. per annum. One society which was a dairy and store combined, suffered heavy loss on account of cattle mortality from rinderpest. We are sorry to hear that it will be wound up shortly. In some Agricultural Societies the by-laws were so amended as to afford facilities for the purchase of weaving materials by the cultivators whose women-folk do the work of weaving in leisure hours. The result is that the members have almost freed themselves from the rapacious Marwari.

The main obstacle for the better spread of the movement is lack of departmental staff. The Registrar himself is not a full-time officer and he is not given enough of assistance. The Province being backward educationally, there are societies in which there is not a single literate member and the Registrar's staff and honorary organisers have often to write the accounts themselves. With zeal in the organisers and numerous applications pouring in from all parts of the Province for new societies, the Registrar has not been able to register more than a very few on account of want of staff. The saddest refusal was given in the case of weavers' societies. The Sylhet weavers' society worked so well and demonstrated the benefits of co-operation so clearly that weavers from all parts of the district asked for similar societies being started for them. But the Registrar refused, thinking that those societies would need special supervision in the early stages for which he had no staff. Great and far-reaching are the benefits of co-operation like those of education and sanitation, and its small claims on the finances of the State should not be overlooked even during the war. We, therefore, trust that Government of Assam will soon appoint a full-time Registrar and strengthen his hands with sufficient staff.

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Security Deposits in Cochin.

To help the co-operative societies in obtaining fixed deposits, the Cochin Government has just published a notification which is reproduced elsewhere, empowering co-operative societies in the Durbar to receive the security deposits of Government officers. Such deposits would be very useful to the progressive development of the societies, as they are all long term deposits and cannot be released without the permission of the heads of the departments under whom the officers depositing the amount are working. It is gratifying to observe that the State is keenly alive to the progress of the movement and not being content with mere registration and general control of societies is striving its level best to find out for them working capital also.

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On the 18th of June last, Dewan Bahadur L. D. Swamikannu Pillai handed over the charge of the office of the Registrar of Co-operative Societies to Mr. F. R. Hemingway, I. C. S., formerly Sub-Collector and Joint-Magistrate in Coimbatore District. Mr. Swamikannu Pillai was in office for over six years, a period longer than that occupied by either of his predecessors. We reserve for a future occasion a detailed review of his administration, but there is no doubt that in almost every direction the movement has progressed under his care and guidance, though it was sometimes wished that the rate had been faster. We have heard nothing but favourable reports of Mr. Hemingway's aptitude for discharging the new duties that have devolved upon him. But it cannot be ignored that there was a general desire in the country, and it expressed itself in the Local Legislative Council in November last, that the post should be filled by an Indian officer. The Registrar of Co-operative Societies has greater need to know the habits and feelings of the villager than any other head of a department and therefore there is an undoubted advantage in his being an Indian. But it is also a fact that in the Punjab, Central Provinces and elsewhere very satisfactory progress has been achieved under the guidance of European officers. We trust a fresh impetus will be given to the movement by the new Registrar.

ARBITRATION PROVISIONS AND THEIR USE.

[MR. M. ANANTA RAU, B.A. B.L., SECRETARY, SOUTH CANARA CENTRAL CO-OPERATIVE BANK, LTD., PUTTUR.]

One of the more important remarks made by the Local Government in reviewing the administration report for 1915-16 of the Registrar of Co-operative Societies, Madras, refers to the extreme meagreness of the extent to which co-operative societies have had recourse to arbitration proceedings as compared with the extent of the resort that they have made to the direct courts of law for collecting their members' overdues. The number of suits by co-operative societies against their members was found to have increased beyond all reasonable magnitude and the Government could not help expressing regret at such a state of things. They add that it is hoped that in future societies will always prefer the arbitration provisions to direct court litigation in proceeding against members, meaning thereby in effect that the managing committees of societies should not fail to take advantage of the special conveniences and facilities afforded by the arbitration provisions whenever it is found to be necessary to proceed against members.

This is an excellent suggestion, and co-operators cannot be sufficiently thankful to Government for this most effective way of bringing the unpunctual offenders to book that has been afforded by the rule relating to arbitration recently framed by the Government. The experience that many of us have been able to gain as the result of our visits to, and examination of, several societies goes to show that in many societies things may not, and will not, improve unless and until it is shown to the persistent section of the members that societies can enforce their rights against them without the elaborate, expensive, and laborious circumlocution of a civil suit in an ordinary court of law. In the case of many societies, the places where they exist happen to be at a very great distance from the Civil Courts. In many other societies, the managing committees cannot spare a man from amongst themselves to be going now and again to the town where the courts are situated and wait there till all the tedious formalities of plaint and verification and notice and batta and "first hearing" and, what not, are complied with before he is able to get into his hands the scrap of paper that passes for a decree. In many other societies again, recourse to litigation is in itself unpalatable to the managing committee many of the members on which, as happens not unoften, are persons who have had no occasion or necessity at all to sue their neighbours in private and who find it therefore very hard to persuade themselves to go to the length of suing anybody for the sake of a society. I must not be understood by this to mean that they are acting properly in so doing, but what I am particular to point out is that some such qualms are experienced now and then by managing committees and that we cannot summarily reject them as unnatural. But natural or unnatural, the result is the same; the defaulters are led to believe that no one will go to the length of getting a decree passed against them, and inasmuch as a decree is very often the only effective method of forcing a debtor to shell out his dues, the defaulter continues to defy his creditors and withold payment. The arbitration provisions that have been framed by Government constitute therefore a most effective weapon that managing committees have been provided with for the purpose of proceeding against the undesirable section of their members. One can feel sure that the over-dues in societies will begin steadily to decline the moment the offending members are shown this new way in which they can be dealt with. Only choose the worst sinners of the lot and let them be visited with all the horrors of warrants, attachments and sales taken out in virtue of the arbitration decrees, and one can be confident that the unmoved will then be moved beyond measure and everybody will become amenable to the control of the managing committee. One can therefore even say that the rapidity with which a bad society will be converted into a good one will be in direct proportion to the promptness with which arbitration proceedings are instituted against the offending section and followed through in execution.

But a Circular on "Arbitration Proceedings against Defaulters" that seems to have been issued by the Registrar of the United Provinces and that has been published in the last issue of this *Bulletin* (Vol VIII, No. 3, pp. 145—7) appears to favour certain ideals which are not in complete accord with the principles enunciated above. We in Madras should not have troubled overselves with considering any of those ideas, but for the fact that a Circular on the same lines (and based upon that of the United Provinces) seems to have been issued to the inspecting staff of the Madras Presidency also. The state of things

prevailing in one province of this country are admittedly different from that obtaining in another, even upon the authority of the Imperial Co-operative Committee. So far as arbitration proceedings are concerned, the Madras Government themselves say that the arbitration provisions have not been taken advantage of to such an extent as might have been desirable, while the statements contained in the Circular of the Registrar of the United Provinces disclose quite a plethora of arbitration proceedings in that province. The department cannot therefore be considered to have chosen quite a happy time for the issue of the Circular; but as the Circular seems to have been issued already it has become necessary for us to go a little into the question on our own behalf.

It is all very well to say, as does the Registrar of the United Provinces, that the concessions afforded by the arbitration provisions were "intended in cases where the institution of civil suits was unavoidable," that references to arbitration "must be strictly confined to cases where a civil suit would under the old dispensation have been brought, that is, to cases where the member, society or individual, has rendered further dealings impossible," and that "its most legitimate use is when employed by a society to purge itself of recalcitrant defaulters admitted through lack of experience in the earlier stages of the movement." What then about the members admitted later on who turn out to be "recalcitrant defaulters"? Is the institution of arbitration proceedings against them less "legitimate"? What exactly is meant by "recalcitrant defaulters"? Which is that precise stage when a defaulter ceases to be an ordinary defaulter and enters into the kingdom of "recalcitrance"? What exactly are the cases in respect of which the institution of civil suits can be considered to be "unavoidable"? These are some of the points that require elucidation if arbitration proceedings are also to be determined on the puritanic principles of propriety and impropriety. What I am anxious to convey is that those are all points on which a very wide divergence of opinion is very likely to exist. While all and sundry cases must of course be prevented from being referred to arbitration, it is also necessary to provide the managing committees of societies with an easy and intelligible standard to judge of the fitness of cases which have to be referred to arbitration.

The solution which has suggested itself to some of the persons connected with co-operation in South Canara is to get some such bye-law as the following introduced into the societies:—

"It is the duty of the Managing Committee to take action for the recovery of all overdue and closed loans. They shall be primarily liable jointly and severally for any loss befalling the society on account of any closed and overdue loan pending recovery for more than six months unless in that period a suit has been filed or the case referred to arbitration."

The principle embodied in this bye-law is not a new one at all, but has been copied from the model bye-laws framed in Bombay. It must apparently be existing in many societies over there, and if we observe that the Registrar there has not yet been put to the necessity of issuing any circular on the lines of the one under notice, we can also conclude that arbitration proceedings have not multiplied to an alarming extent in that province. It has the merit of placing before the managing committees of societies a definite standard of efficiency and security at which to direct their aim in the collection of overdues whether by recourse to arbitration or otherwise. The suggestion had sometime ago been forwarded to the Registrar for consideration, and it seems to have been approved at a regular conference of the Registrar and Assistant Registrars. If it is so, a circular advising the adoption of such a bye-law might have been more desirable than the circular that seems to have been issued.

The only serious objection that I expect to be advanced against the advisability of the adoption of such a bye-law is that it might tend a little to fetter the discretion of the managing committees in the matter of the collection of overdues. But this it may not really do to any large extent, and what restrictions will be introduced thereby will be necessary for the sake of efficiency. I may cite here the example of the co-operative department now trying to replace in all societies the old by-law relating to extensions and the periods on loans by a new type of bye-law framed on the Burma model of A, B and C class loans, prescribing different objects. While the old type left the managing committees free discretion in the matter of arranging the periods and other terms of loans, the new model lays down definite and unchangeable lines on which they

have to proceed; indeed the new model goes further and prohibits all extensions. What I want to point out is, that where principles have to be taught and brought into practice, it is necessary to impose certain restrictions on the free discretion of the managing committees. The suggestion therefore seems to be well worth the serious attention of all those who are interested in the continued efficiency of co-operative administration.

THE CO-OPERATIVE SPIRIT IN JAPAN.*

[BY MR. V. VENKATASUBBAIYA, B.A., SERVANTS OF INDIA SOCIETY, MADRAS]

The civilisation and social order of the West is individualistic and competitive whereas that of the East is communal and co-operative. If we do not find in the East the enterprise and resourcefulness of the better classes of the West we do not also find the utter destitution and degradation of its lowest classes. The disparity between individuals and classes morally as well as economically is much greater in the West than in the East. The co-operative spirit of the latter is clearly demonstrated in the joint family system, the assistance often claimed and given to distant relatives, the internal organisation of castes, the village communities and other institutions peculiar to our country. Some of these institutions in their present condition may be more of a hindrance than assistance to national progress. Nevertheless they contain the co-operative spirit. The spread of the co-operative movement in recent years in our country, which has been admitted to be phenomenal by even the severest critics would not have been possible but for the existence of that spirit in our society at large. The same thing is to be observed in Japan; only, as is characteristic with that country there has been an earnest and conscious attempt in all classes to enhance their national efficiency by the application of co-operative principles even outside the economic field.

* This article is based on "Co-operative Studies and the Central Provinces System" by Mr. H. R. Crosthwaite, Registrar of Co-operative Societies in the Central Provinces and Berar.

Between 1909 and 1912 co-operative societies in Japan increased at the rate of over 1,400 per year. For some years previously they had been growing at the average rate of about 350 per year. The impetus was due to favourable legislation undertaken in 1908. In June 1912 there were in Japan about 9,400 co-operative societies, the number of cities, towns, villages and hamlets being nearly 12,400; that is to say, more than 75 per cent. of them had co-operative societies. But though there has been a special growth in their number in recent years, it is interesting to learn that co-operative societies are not an exotic plant introduced from the West into Japan. Societies for the Co-operative sale of silk were started nearly 250 years ago and some of them are still flourishing. In the third decade of the last century, societies very much resembling the Raifeissen type of agricultural credit societies were started by a distinguished economist and philanthropist called Ninomiya Kinjiro. As the Western Co-operators did not learn their lessons from Japan, and probably due to ignorance also, they have not given any prominence to the earlier existence of co-operative societies in that country. Pointing out the resemblance between the Ninomiya and Raifeissen societies, Mr. Crosthwaite says, "Thus they place social and moral good above economic benefits. They make it their aim to help the very poor placing merit and honesty, also good employment of the loan, above material security. They forbid salaried service, laying it down that social work should not be remunerated. They also grant loans for long periods, five, seven and ten years. They attach the utmost importance to thrift, inasmuch as they compel their members to save from their incomes… …Good conduct is an essential condition of membership." Members are encouraged to invest their savings in land, the reclamation of waste lands being specially recommended. The societies are [illegible] well organised. They have their Presidents, Vice-President[illegible]etaries, Boards of Management, Inspectors, Travelling Instr[illegible] Unions and propagandist bodies.

The purpose of this article, however, is not to de[illegible] with the regular Co-operative Societies. The Silk and Noinmiya Societies have been mentioned only for their historical interest The co-operative spirit has manifested itself in other voluntary associations for various social purposes some of which are even amusing. The Japanese have started them in order to strengthen themselves by combination and to

keep themselves abreast of their commercial rivals. As Mr. Crosthwaite truly observes, "Co-operation is not a bole-and-corner affair in countries in which there is a real co-operative movement; it is not merely the creed of a few apostles without any disciples; it has, on the contrary, the support of popular effort, zeal and self-denial……Without good co-operators there can be no co-operative movement worth anything; and no Government can substitute for popular apathy and popular slackness that lively desire for better things which springs from a knowledge of the truth and from a sense of awakened responsibility."

Every village in Japan has its own Young Men's Association which has for its object the physical, intellectual and moral improvement of its members. They drill together in the morning before sunrise for half an hour in the grounds of the temple or the primary school, and in the evening have gymnastics, wrestling, weight-lifting and other exercises. Their object is not only acquiring health and strength but the habit of association. Reading Rooms and Saturday classes for study are also organised. Papers and Magazines are increasing in popularity and exercises in composition and handwriting are given. Attention is paid to the cultivation of good manners and simplicity in dress and toilet. In the place of costly silk and fine shoes, young men are advised to wear the ordinary cloths of a cultivator and cheap wooden shoes. Eating sweet-stuffs between meals is discouraged not only on the ground of economy but also on account of their injurious effect upon digestion. Provision is made for the continuous education of those who do not join the army. They are trained in military discipline, fencing, pole-twisting, &c. In order to assist young men in carrying out their resolve to be punctual, industrious, frugal and tidy, diaries are distributed among them for making entries and rewards are given to those who have been most successful in keeping their resolutions. Early rising is generally encouraged. In some villages societies are started by young men with this special object. An alarm clock is placed in the Secretary's house, and on being awakened by it, he goes round and rouses the other members. Where membership is large the village is divided into wards each having a Secretary and drums and bugles are used to awaken the members, who have to go to the Secretary's house and write their names in the attendance book. It is usual with these early risers to practise drill or have some other exercise. A member explained, "We felt the united movements cultivated unconsciously the spirit of association and obedience, also the spirit of patriotism; so we now do the discipline and exercise as well as get-up."

The following is said of a Young Men's Association, which is more or less typical and not exceptional: "(It) has debates between its branches. As is customary in many places, the members help with their labour when a fellow-member or a school-teacher builds a house. They also do repairs at the school. Excursions are made to study vegetable raising, fruit culture or poultry keeping. The members of this association like the members of many others, cut each other's hair twice a month, thus at one operation practising economy and discouraging vanity. This young men's association is also investigating the economic conditions of its village. Further, it has a cyclostyled monthly."

Again societies of school-boys are started for the cultivation of rice. Each boy is required to take up one-tenth of an acre of his family land and devote his full attention to it. He has to keep a diary in which he has to note down periodically the condition of the soil and the crop. He has also to append a map of his plot. Marks are given for the method of planting, levelling, care against insects, general attention and so on. Some of the boys get as much as 99 marks out of 100.

Similar to the societies of young men there are Young Women's Associations. They arrange for classes and lectures on domestic matters, good manners and other subjects. Their motto is, "good wives and good mothers." A member is advised to be polite, gentle, warm-hearted but strong-willed and resolved to overcome any difficulties. In dress and toilet they should be simple and not run after fashions. They should be religious and abandon sweet-stuffs for the sake of "health, economy and posterity."

In some villages a fund is instituted called the village fund for village improvements of a public kind. It is started on the initiative of the people and without any official or outside pressure. Contributions are made to it by the people on the following scale: On the birth of a child, Rs. 0-2-0; for a wedding or the adoption of a son, Rs. 0-2-6; on a boy having finished his elementary education, Rs. 0-2-0; his having

gone through an advanced course, Re. 0-4-0; a teacher or official on his appointment, 2% of his salary; and in the case of promotion 10% of the increment. In addition to these, if any official gained a monetary reward for good work done, 5% of it is given to the fund and every villager has to give a quarterly contribution of Re. 0-1-0.

A Japanese authority claims the results of these voluntary associations to be, "that the habit of spending hours of the evening idly has died away, immorality has diminished, singing loudly and foolishly and boasting have disappeared, while punctuality and respect for old age have increased. Parents, whom we would never dream of attempting to reform directly, moved by the physical and mental improvement in their sons, have cast their influence on the side of the Young Men's Associations and have begun to practise greater punctuality on their own account."

The moral is obvious. If we should be able to compete with Japan, we should create the same earnestness, patriotism and love of association in our masses.

MORTGAGE SECURITY.

[By Mr. M. S. Seshachalam Ayyar, Honorary Organiser of Co-operative Societies, Tiruvannamalai].

There is a controversy going on at present as to whether loans on the mortgage of immoveable properties can be advanced by Co-operative Societies; and the Government with the concurrence of the Board of Revenue, appreciate the personal security system and want to discourage mortgages. To enquire into the real position of the borrowers and the nature of credit suitable to them, is a matter of greatest importance both for the guidance of the Co-operative Societies, and for information to Government. Co-operative Societies are started to relieve the poor agriculturists from the clutches of the sowcars whose rates of interest are usurious and whose mode of collection and the period fixed therefor are fixed without any reference to the convenience of the indebted. Since 1904, nearly 2,000 agricultural societies have been started. Who the members of these societies are and why they join the societies are matters requiring thorough investigation before we proceed with the subject on hand. The members of a co-operative society are:—(1) the poor agriculturists who are already indebted to an extent without hopes of redemption and who could not therefore be easily accommodated by any other sowcar; (2) persons paying a very high rate of interest; and (3) persons whose limited means cannot secure them credit anywhere. A few of the well-to-do men of the village who may not require loans or to whom these loans are immaterial also join the society purely with philanthropic motives. Such of the men join together for forming a society pledging their unlimited liability for the common debt, with the clear advantage of cheap interest, long-term and proportioned annual repayments. If the ruling rate of interest is heavy with the sowcars, more men of large properties join the society for having cheap credit and the society is benefited by having their assets pledged to common good, and if the rate of interest allowed by sowcars to large proprietors is reasonable, they find no advantage in joining a society. The net assets of such a society is always disproportionate to the amount of loans the members require and there is no scope for proper accommodation by the financing banks.

It is also clear that the prior debt with the sowcar is the only main consideration for which ordinarily agriculturists form a Co-operative Society and the discharging of such in full is the only attraction by which he accepts the unlimited liability and sympathises with his fellow-sufferers. How these prior debts are advanced by the sowcars and how they stand at present, are matters to be closely studied in this connection. When a ryot has large properties unencumbered the sowcar advances him loans on his own bond, of course, at a moderate rate of interest. Here he knows that he could not repay it in a lump from his own savings and so allows the loan to accumulate with interest as fast as possible. Then when a further loan is required, he demands a personal surety with a little increase in the rates of interest. When the accumulated dues come to nearly half the market value of the properties owned by the ryot or, if in the interval it comes to his knowledge that the borrower is a spend-thrift and reckless and raises loans elsewhere, he insists upon the borrower either to pay off the loan in full or mortgage all the properties. The borrower finds no other course open to him except of mortgaging the properties at a very usurious rate of interest binding himself to all the impossible conditions

which he knows he could not keep up, except by releasing his claims to his properties or to his very existence in the world.

Such is the position of a prospective member of a Co-operative Society. The properties that would have been absorbed wholly by the sowcar are redeemed and restored by co-operation. The interest and instalment of principal to be paid to the Society every year is not more than the interest he was paying every year to the sowcar with no prospect of paying off the principal. Even within a short range of 10 years many number of poor families have thus been saved and it can never be denied by any one that co-operation has done more good to India than was expected and that it has taken a firm root in our soil. But the movement is still in its infant stage fostered by Government and for a long time to come the Government guidance is indispensable. The Government lay out certain principles to be followed in co-operation after enquiry and consultation with experts. They insist on personal sureties and deprecate the value of mortgage in Co-operative Societies. If at least to satisfy the Government, the existing Co-operative Societies of the Presidency have to convert their mortgage loans into surety ones, there will be an imminent danger and the Government as a result of policy well appreciated and paved out, will have to review within a small space of time, that the societies have degenerated and the net assets of the holdings of the members is very much below the outstanding liabilities of the Society.

Prior debts of members are almost on mortgages and it is to redeem them that the Society advances a loan. It is reasonable that such loans must be on the mortgage of the property redeemed and the Committee on Co-peration in para. 68 of the Report says; "It (mortgage) is justified in cases where land has been redeemed with the money advanced as the new mortgage simply takes the place of the old one and also in cases of large or long term loans where there is some risk in relying only on the personal element." Here arises a necessity to understand the difference between a long and short term loan. A long term loan extends from 5 to 10 years or more, repayable every year in equal instalments fixed according to the repaying capacity of the borrower. Prior debts, purchase of lands and houses, machineries and all unproductive loans are necessarily to be lent on long term system if they are to be really useful. The amount involved also is always large. A short term loan is for a period of 6 months or a year. This is resorted to mostly for cultivation expenses, revenue kist and maintenance, and these are ruled to be paid off as soon as the harvest is over. It is justifiable that these loans utilised for cultivation must be repaid from the harvest when the loans have reproduced themselves. The amount required for these purposes are usually very small. So supposing the average individual borrowing power in a society is fixed at Rs. 500, the amount must necessarily represent the sum required to reclaim a member from outside indebtedness if any and the annual advance required to conduct his cultivation successful; one or two may be exceptions, but this is the general rule. Because, without reclaiming one from outside indebtedness, the advance of loan for annual expenses is risky and practically of no use. Of course the Co-operative Societies Act allows a claim on the produce for which the loan was utilised. When a contest arises between the society and the sowcar who has the land in mortgage, will it not be a difficulty to prove that the loan was utilised for cultivating the particular land? Even granting that it succeeds what is the effect of such a contest? The next moment, the sowcar wreaks his vengeance by demanding the whole loan due from the member and thus a necessity arises to pay off the whole loan, if the society has any moral to keep up. So whenever societies are organised, the members join the society only for long-term loans, and short-term loan is out of consideration for them and its necessity and benefits will be understood only after their demand for long-term loans is over. Many of them do not want short-term loans at all as they usually manage further cultivation with their harvested produce.

Under these circumstances long-term loans are largely resorted to and the short-term loan advanced every year is not more than one-tenth of the long-term one; but this system locks up large amount of working capital and stands in the way of extending the movement rapidly to other areas. Instead of having thousands of societies doing no good to members, it is better to have a smaller number reclaiming members from their prior indebtedness and helping them to stand on their own legs.

As has been observed by the Committee on Co-operation long-term loans are safely to be advanced on mortgages even though the

realisation of the same entails loss of time. If these long-term loans are to be allowed on personal securities, as the Government seems to require it, the condition of the ryot population will deteriorate and their degenerated habits rise up and render the loans very unsafe. In rural parts joint security is easily got, as the effect thereof is never understood. They think that there is no justice in demanding the repayment of the loan from a man who has stood as surety, when the whole amount is utilised by the principal debtor, and they think that their signing the document is a mere recommendation for loan.

In villages no man will come forward to say anything against another and anybody can stand as surety for another as a matter of obligation. Thus no value is attached to suretyship. If there happens anything to exact the loan from the surety, he does not think it improper to alienate his properties to defeat the demand as he thinks he is not morally bound to pay it. Further, it is not advisable to advance long-term loans on sureties; sureties are mortal and their assets may be fluctuating, and, if at all the society is to keep a proper watch, it will have to call upon the borrower as oftener as is necessary to supply the wants created then and there. By allowing surety loans to persons who have immoveable properties to a certain limit we allow them facilities for borrowing elsewhere. When a member is admitted into the society, his income and expenditure are to be formulated by the society and a self-imposed guardian of the family is created in the person of the society. He must have no scope to borrow elsewhere. The tendency to borrow is latent with the agriculturists without any limit and beyond their means as long as it is available. They depend on the unlimited repaying capacity of agriculture which in its turn depends upon Providence for success or failure. So, such a tendency must be curbed and the habit of thrift must be cultivated in its place. This is the main function of a Co-operative Society. All the immoveable properties should be brought under the power of the society even though the loan advanced is very small; then and then alone the term "unlimited liability" will have some value. In societies where loans are freely advanced on surety for long terms, it is possible that persons of substantial property may not like to join, as there is no justification for allowing persons of small holding. to contract debts outside and encumber their properties without being liable to his own debt and making the large proprietors liable for the common debts ; and in societies where this practice is resorted to, substantial men will surely withdraw. Then what about the unlimited liability which is answerable to the creditor ? It will have no life and bring upon the movement an everlasting discredit. Further more, it is a fundamental principle of co-operation to make the taking of a loan difficult for members. Easy loans spoil them. Loans on mortgages issued on the standard of character, repaying capacity and purpose of the loan, is more safe and co-operative in character, than the surety loan which is easy to be got and more easy to deceive. By allowing surety loan, further loan is available easily on mortgages ; but by mortgaging further loan on surety or on further mortgage is not easy to be obtained. Here I like to quote Mr. Wolff's advice : " Give a man credit without exacting adequate security and he will not care how much liability he pledges, so long as a mere stroke of the pen and a promise will do the business. Humour him in his recklessness and reckless he will become to the length of foolishness. It was with this inevitable result in view, sometime ago I ventured to put the problem of co-operative banks in this way that their business really is to make credit *difficult* in order that they may make it possible. They must bind and require the borrower to do so much by his own efforts that by such means he will really produce security worth lending upon. That, it appears to me, is the argument for co-operative credit, the secret of its possibility in a nut-shell." Now, what will make the credit difficult ? The first loan is granted to a member on proper enquiry into his assets, capacity, character and purpose by the general assembly of the society and approved by the department during registration. Then it becomes necessary to restrict further credit. Which is the way to do it ? Is it by taking a surety bond for the society loan and leaving his properties free, making further loans easy and the unlimited liability meaningless, or by insisting on a mortgage of his properties, by which any kind of further loan is difficult to be got elsewhere and at the same time giving a real shape to the unlimited liability of the society ? Now, comes our turn to decide which loan is co-operative in character. Is it the surety loan or that obtained by mortgage ? In the interest of the members, it is but necessary that mortgage must be resorted to wherever available, having taken due care to other aspects required for the grant of loans in Co-operative Societies. The Committee on Co-operation when dealing with the question, is of opinion " The practice (mortgage loan) as we have said is not in essence unco-operative. and is in fact growing more common in Germany, it should be resorted to sparingly. It is justified in cases where land has been redeemed with the money advanced as the new mortgage simply takes the place of the old one and also in cases of large and long term loans where there is some risk in relying on the personal element ". Then, when they speak of the mortgage of the whole property to the society to safe-guard outside alienation, they observe that the motive is a high sense of co-operative unity and so long as the practice remains entirely voluntary, they see no objection to its adoption from the point of view of co-operative organisation. There they term *mortgages as a sufficiently unimpeachable security*. So mortgage is a security accepted on all hands to be adopted in Co-operative Societies and no principle of co-operation is against it.

Let us see whether it is possible in our part of the globe to adopt only surety system for long term loans or to advance only short term loans in Co-operative Societies. I have already stated that long term loans could not be advanced on personal sureties and I am glad that my view is supported by the highest tribunal in co-operation—the committee. So, long terms must necessarily be advanced on the pledge of immoveables. Now the only alternative to entertain all loans of a Co-operative Society on personal security, is that they must all be short term loans. I am at a loss to know how it could be possible to have only short-term loans in a society and help the members. This aspect of the question invites a little consideration ; short-term loans to members who are already indebted to outsiders are of no use to them as it makes both ends hot. Supposing a poor ryot takes a short term loan of Rs. 50 for cultivation expenses, while he owes Rs. 300 to the sowcar on the mortgage of his property, his produce will be taken away by the sowcar for his dues even though the society has a prior claim over it. Thus he becomes a defaulter to the society. If the society insists on its right and deprives the sowcar of the produce the next moment he files a suit against the ryot for the recovery of the whole amount together with the heavy penal rates.

Further, very small amounts will be required for short-term loans if they are legitimately to be used for cultivation expenses.

If large sums are advanced for short terms, I am sure, it is always misapplied in the case of small holders who are the back-bone of co-operation. If they are punctually repaid in time, it must be by raising another loan either in the society or elsewhere. Of course there are members, only very small in number, in Co-operative Societies, who may require large sums for cultivation expenses and who are able to repay the same in time out of their own saving. Such of them must be large landed proprietors whose annual income will be enormous. No want is felt by them and they do not depend upon the society for agricultural expenses. If at all any advance in the pretext is made to them, it will never be legitimately applied to agriculture and the society advancing the same will not be in a position either to satisfy itself upon the utilisation of the loan or to recall the loan in case of misapplication. I think such loans even though safely advanced on personal securities are not at all co-perative in character. So, short term loans could be advanced only to members who have no outside indebtedness or who have been reclaimed by the society itself and the amount required to every individual will not be very much. Such loans may be granted on personal securities as the produce is a tangible security to come in before the time of repayment, and all other long term loans should be advanced on mortgage only, better still, if the whole property of individual members are pledged to the society irrespective of the amount of loan taken to be insisted on at least in case of small holdings—after due enquiry into the character, purpose, repaying capacity, etc., as is required in co-operation.

THE GOVERNMENT AND THE ACCRUED INTEREST.

By Mr. T. L. Narayana Rao, Secretary, Guntur Dt. Banking Union Ld.

The Government is said to have ordered the exclusion of the accrued interest from the profit account of the Central Banks also in their recent G. O. on the latest Administration Report of the Co-operative Societies in the Madras Presidency. A Conference of Assistant Registrars and Secretaries of Central Banks has been called for and it has discussed the various aspects of this question and has at last resolved to request the Government not to enforce such a retrograde measure upon District Banks as it would ultimately result in the destruction of the co-operative movement in this presidency.

I have not before me the exact arguments of the Government for such a measure and I take it that the Government is enforcing the rule in the interests of the movement itself.

As the Government has not yet passed its final orders, it may be of some use to put forward some of the patent arguments against the rule so that the general public may be enabled to discuss the point on both sides thoroughly in the press.

Last year the Government have forced this rule on primary societies. As a result almost all the societies (at any rate in this District) have shown a clear loss and it will certainly take 4 or 5 years to wipe off the deficit itself. A similar result will ensue in the case of District Banks also and continual losses will tell upon the prestige of the Banks and thus the confidence of the public will be lost.

It is in the months of January, February, March and April that a very large lending business is done in Central Banks and as such about a fourth of the total interest of the year falls due for payment in July, August and September. Thus if the rule is enforced, it will result in a great loss to the Central Banks, as much of the realisable interest cannot count for profit. I have calculated the loss on this account to my Bank to be about Rs. 6,000 and Central Banks doing larger business will show proportionately greater losses. It may be argued that the difficulty may be avoided by making all the interest payable by societies by the end of June every year. But this would affect the primary societies greatly as they have to pay interest in less than 6 months. Already there are complaints to pay interest every six months even and this rule, if followed, would make District Banks very unpopular with the societies. The societies cannot avoid taking loans during the last six months of the year; for it is in these months that they want money for payment of kists, nor can the Central Banks afford to keep quiet without doing any lending business during these months, for this will swell the balance with the Banks resulting in large losses.

Further, in the case of loans already granted it is impossible at this stage to alter the contract, to suit the recent G. O. and it will take a very long time before the contracts can be altered.

The deposits mature throughout the year and if the loans and interest are repayable in a particular part of the year, the result will be lack of funds to meet their demand in other parts of the year. It is therefore not possible to abide by the G. O. without causing inconvenience to depositors and loss of prestige to the Banks. Further, depositors cannot be compelled to deposit or to withdraw their amounts to suit the convenience of the G. O. and the result will certainly be not in the interests of the Central Banks, which have always to adjust to the convenience of the money market. If the societies and Central Banks have to work throughout the year there should be lending and borrowing throughout the year. It is impossible to alter natural conditions by manipulation of accounts. Under these circumstances the only way to proceed is as usual.

The Government now insist on excluding the accrued interest in the case of both Central Banks and societies. The debtor societies [redacted] allowed to include the accrued interest due to the District Banks on [redacted] liabilities side, while the District Banks are not allowed to include [redacted] under Assets account. Here again there is an incon-[redacted] The fears of the Government that the accrued interest [redacted]unded and not justified by the experience of either the Central Banks or the Joint Stock Banks. Even the Committee on Co-operation in para. 160 of their Report have only recommended the exclusion of overdue interest alone.

If the fears of the Government have any foundations, not only the accrued interest but also the outstanding portion of the principal has to be similarly treated. There is no reason for the Government to feel any doubt as to the security of the societies, to which alone Central Banks lend their moneys since most of them, if not all, are worked on unlimited liability system. The Joint Stock Companies have not suffered by the present procedure and there is no reason why the Central Banks alone should suffer by the present method of calculation.

Further, the balance-sheet prepared according to the Government instructions cannot be said to be correct as a large portion of the realisable assets can find no place in the profit account. But if the Government intend their method, only to declare dividend, here again there is a flaw, for, if on a certain year the accrued interest is small and another year very large there will be a great fluctuation in the

dividends, since the dividend cannot exceed 9% under the rules, the result will be to throw large amounts of profits, which ought to have been distributed to the shareholders, into the Reserve Fund.

Taking the whole situation, the exclusion of accrued interest from the profit account, the fixing of maximum dividend in the year, the disallowing of creating a dividend equalisation fund, result in harassing the share-holders and this cannot but create an unpleasant feeling in the share-holders in the intentions of the Government. It is hoped therefore the Government will look into the matter carefully and rescind the G. O., already passed and issue instructions to proceed with the auditing of Central Banks as usual.

PROGRESS OF CO-OPERATION IN INDIA.

BOARD'S PROCEEDINGS ON THE REGISTRAR'S REPORT.

The following extracts from the Board's Proceedings on the Registrar's latest report will be found useful :—

In paragraphs 23, 24 and 25, the Registrar gives full information of the demand, collection and balance in agricultural societies. There can be no doubt that, speaking broadly, there has been a serious failure on the part of co-operators to meet their liabilities. The results may be better than last year, but in Kistna, throughout the Deccan, in South Arcot, in Tanjore, in Madura, and in Ramnad, the undischarged liabilities exceed 33 per cent. of the demand, in some cases considerably. The Registrar attempts no explanation of these very disappointing results. It will be noticed that many of these areas depend upon their wealth largely upon cotton and ground-nut. The prices of both these crops were seriously affected by the outbreak of the war. Cotton practically recovered itself, so far as price is concerned during the last nine months of the year under report; the uncertainty of the situation however led to a marked diminution in the area of cultivation and the crops cultivated in the place of cotton were probably less remunerative. Ground-nut, though it now commands more or less the price of some years before the war, still fetches a price considerably below pre-war rates : as in the cases of cotton, the area of cultivation has fallen seriously ; and less paying crops have doubtless been substituted. These conditions however do not explain everything. By themselves they do not explain why the results are so much worse in Madura and Ramnad than in Tinnevelly or in South Arcot than in Salem, Trichinopoly and North Arcot. From further enquiries which have been made. it appears that the results are due in part to the existence of a considerable number of bad societies and it is particularly to be regretted that most of these societies are to be found amongst the older established ones. Even should the majority of these societies be wound up there will still be much hard work before the inspecting and supervising agencies in order to bring about a satisfactory condition of things. What can be done where co-operation is surely founded is well exemplified in the marked uccess attained in South Canara. The amount recoverable in this district was more than one-fourth of the whole amount recoverable by all the agricultural societies in this presidency, the unrecovered balance was less than 2 per cent. of the demand. And this result was attained though the bulk of the money was advanced on personal security and much of it was advanced in small sums.

Audit and supervision.—In their order No. 233, Revenue dated 3rd February, 1916, Government have approved the Registrar's proposals for the transfer to non-official agency of supervision of co-operative societies and to some extent of their audit. The Registrar's present report shows that primary agricultural societies have without exception fallen in with his scheme by agreeing to contribute towards the cost of supervision half per cent. on their borrowings. Half per cent. more is required to make up the one per cent. indispensable for efficient supervision and audit, but the Registrar has not yet been able to induce the central financing institutions to raise their contribution above their promised one-fourth per cent. This question is intimately associated with the problem of the rate at which financing banks can borrow money and if the projected provincial bank can help to borrow the moneys they need at 6½ per cent. or less instead of at the 7 per cent. which they have now to pay, a solution of the difficulty of financing supervision will be found. The Board has already informed Government, when submitting its remaks on the recommendations of the committee on co-operation that the

Registrar has issued a circular to all non-agricultural societies enquiring whether they would make a voluntary contribution for the audit of their accounts. In paragraph 47 of the present report the Registrar states that the general response from these societies has been feeble and suggest the levy of fees by Government for the audit of town and central banks as the only alternative. The Board is not, however, prepared to address Government, in the manner suggested as all the previous correspondence relating to the levy of audit fees was recorded in G. O. No. 241, Revenue, dated 4th February, 1916. At any rate it does not seem advisable to re-open the question until the receipt of the orders of the Government of India on the recommendations of the committee on co-operation.

In spite of difficulties the year has been again one of progress for which credit is due to the Registrar. The most important movement of the year was in the creation of supervising unions, a matter in which the Registrar took the keenest interest.

The Board notes with pleasure the testimony borne by the Registrar to the good work of Assistant Registrars, M. R. Ry. A. Vedachala Ayyar Avergal and M. R. Ry. K. Nageswara Rao Pantulu Garu and the help rendered by Messrs. Molahilli Shiva Rao of Puttur and Rai Sahib K. Ramaswami Ayyar of Madura and other honorary workers.

Co-operation sustained a great loss during the year in the death of M. R. Ry. Dewan Bahadur M. Adinarayana Ayya Garu who was one of the soundest and most zealous of honorary workers and all who knew what M. R. Ry. Rao Sahib K. Vijayaragava Chariar Avergal did to bring co-operation in this presidency to its present stage will regret his death.

INSPECTION NOTES.

The Tirukkannapuram Co-operative Society.

This society is working very satisfactorily. Many borrowers are capable of paying interest monthly. Though penal rates need be levied only on defaults to pay interest beyond six months, every effort should be made to demand and collect interest monthly.

It is really satisfactory to note that some borrowers have done so voluntarily.

2. The cash balance on hand not likely to be required within a week should be deposited in Savings Bank both in the interests of safety and thrift.

3. The society has urged in its general body resolution, dated 8—2—17, that it should open a current deposit account on the principles of Postal Savings Bank account generally acceded only to Urban Societies of some standing. This is a rural village with only an extra departmental post office. There is not here even a police-station. Therefore the society cannot keep such a cash balance as to enable it to meet demands even of a current account of the nature of the Postal Savings Bank account. Members are advised to invest their sums of not less than Rs. 100 in fixed deposit for one year and take simple loans on its securities whenever they may need money. The loss by the higher rates of interest charged on the loan which is only three pies for a sum of Rs. 10 for a month will practically never be greater than the gain of seven pies for the same amount of the same period which the member will have by investing the sum in fixed deposit instead of in current account deposit which comes only ½ pie per rupee per month. In order to encourage further members in making fixed deposits with the advantage of borrowing, it may be stipulated if the societies want it that such loans might be sanctioned by the Secretary or President himself without going round to panchayat and shall also have preference to all other sorts of loans however long applications for them might have been pending. It there are likely to be several deposits, it may even be unobjectionable to lower the rate of interest for the loans on the security of the borrowers' own fixed deposit to 1½ pie per rupee per mensem so that the difference in the rates of the deposit and borrowing will be further reduced from 3 to half a pie for every Rs. 10 for a month. The advantages to the society in such an arrangement are obvious: firstly the demand on its purse by the investing member of a current deposit is theoretically far different from that of investing member of a fixed deposit for a loan on its security; secondly this will enable the members who have spare cash to allow it to be useful to their brethren when otherwise it should be idle.

REGISTRAR'S CIRCULAR DIS. NO. 953-B OF 17, DATED 7-6-1917.

The Provincial statements which have to be appended to the Administration report have not undergone any change and it is therefore not necessary to revise the form of audit notes now in use except in one particular. Information in regard to the amount of loans for which extensions were granted or could have been granted is no longer necessary and therefore the two columns numbered A and B at page 26 of the audit notes may be scored out. The posting clerks in section offices will have also to note that references to columns of the old Imperial statements II & III printed at pages 23 and 25 of the audit notes have now no meaning and that the second column of the statements on those pages may be scored out.

2. Auditors of Central and Provincial Banks should bear in mind that they have to introduce a manuscript entry as "Col. 7a", "interest pending realisation" on page 25 of the audit notes form and to alter the words "interest actually realised" into "interest earned" in the profit and loss statement on page 24 of the notes, as the Government have allowed such banks to take credit for interest accrued but not due. The attention of these auditors should also be drawn to the fact that the item of interest does not include interest due but not paid, *i.e.*, interest overdue plus interest accrued after an item of interest has become overdue.

CO-OPERATION IN COCHIN.

NOTIFICATION.

In exercise of the powers conferred on him by section 43 of the Cochin Co-operative Societies Regulation IV of 1088, the Diwan is pleased to issue the following rules for the deposit of security amounts of Government officers in co-operative societies :—

RULES.

1. It shall be competent for a co-operative society, registered under the Regulation, to allow security amounts of Government servants to be deposited with it provided that :—

(a) the society which receives such deposits has obtained the prior approval of the Diwan for such deposits;

(b) the society receives the deposit on condition of priority of payment before other creditors so long as the amount is held by Government as security, and

(c) the society receives a certificate from the Registrar that the amount is security amount in favour of the Government.

2. Any Government officer who wishes to deposit his security amount in a society shall apply to the Registrar of Co-operative Societies through the society in which the deposit is proposed to be made to grant him a certificate as referred to in rule 1 (c), *supra*.

3. On production of the Registrar's certificate with the amount proposed to be deposited before the society, and on the society being furnished with a letter of agreement signed by the depositor, the society shall grant him receipt signed by not less than three members of the Managing Committee including the President or the Secretary, and bearing the office seal of the society, and shall, without delay, intimate through the Registrar of Co-operative Societies to the head of department or office, in which the depositor is employed, the fact of deposit. The receipts so obtained shall be endorsed in favour of the Diwan and shall accompany the agreement to be executed by the depositor under the Standing Orders of the Government.

4. The depositor shall bear interest at not more than 6 per cent. *per annum*, payable to the depositor yearly.

5. The society should not release the security until the head of the department furnishes a certificate through the Registrar of Co-operative Societies that there are no liabilities against the depositor, who seeks release.

6. All securities in co-operative societies should be examined by the Registrar before the 30th of Vrischigam every year and a report embodying the results of the examination should be made by him to the Diwan before the end of Makaram.

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THE SOUTH CANARA CENTRAL CO-OPERATIVE BANK, LTD.

ENDOWMENT DEPOSIT RULES.

The following rules regarding endowment deposits in the South Canara Central Co-operative Bank are interesting and worthy of being copied by other Banks.

(*a*) An endowment deposit is a deposit made by a person who promises to pay into the Bank equal sums of money every month or at other equal intervals of time for a definite number of years, at the end of which he or his nominees, heirs, or legal representatives will be entitled to receive a fixed sum. The depositor or his nominees, heirs or legal representatives may at their option convert the fixed sum last referred to into a fixed monthly allowance to be received by him or them for a definite number of years thereafter. The option having once been exercised shall not be liable to revision.

(*b*) The subjoined tables show the periodical payments to be made into the Bank in order to secure an endowment of Rs. 250 at the end of the period stated in each case.

TABLE I.—Endowment.

Number of years for which payments should be made by the depositor.	Amount to be paid monthly into the Bank.			Amount to be paid quarterly.			Amount to be paid half-yearly.			Amount to be paid yearly.		
1	2			3			4			5		
	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.
5	3	11	0	11	1	9	22	5	9	45	1	9
6	3	0	0	9	0	6	18	2	6	36	10	0
7	2	8	0	7	8	9	15	2	6	30	9	3
8	2	2	3	6	7	0	12	15	3	26	2	0
9	1	13	6	5	9	0	11	3	0	22	8	9
10	1	10	0	4	14	3	9	13	3	19	13	0
11	1	7	0	4	5	6	8	11	6	17	9	6
12	1	4	6	3	14	0	7	12	6	15	10	9
13	1	2	6	3	7	6	6	15	9	14	1	3
14	1	0	9	3	2	3	6	5	3	12	12	0
15	0	15	3	2	13	6	5	11	6	11	8	6
16	0	13	9	2	9	6	5	3	6	10	8	3
17	0	12	9	2	6	0	4	12	6	9	10	0
18	0	11	9	2	3	0	4	6	3	8	13	9
19	0	10	9	2	0	0	4	0	3	8	1	6
20	0	10	0	1	13	9	3	11	9	7	8	3
21	0	9	3	1	11	9	3	7	9	7	0	3
22	0	8	6	1	9	9	3	3	9	6	8	0
23	0	8	0	1	8	0	3	0	0	6	1	0
24	0	7	6	1	6	3	2	12	6	5	9	9
25	0	7	0	1	4	9	2	9	6	5	3	9
26	0	6	6	1	3	3	2	6	6	4	13	6
27	0	6	0	1	2	0	2	4	0	4	8	6
28	0	5	9	1	1	0	2	2	0	4	4	6
29	0	5	3	0	15	0	1	15	6	3	15	3
30	0	5	0	0	14	9	1	13	6	3	11	3

TABLE II.—Monthly allowance or pension in lieu of endowment of Rs. 250.

Number of years for which the allowance or pension would be paid.	Amount of monthly allowance or pension.			Number of years for which the allowance or pension would be paid	Amount of monthly allowance or pension.		
1	2			3	4		
	Rs.	a.	p.		Rs.	a.	p.
5	4	7	9	20	1	7	8
10	2	6	6	25	1	4	6
15	1	12	3	30	1	2	6

The payment of larger or smaller sums than the above may also at the discretion of the Board of Management of the Bank be secured by means of proportionate periodical payments; provided that, in calculating the payments to be made into the Bank, fractions of a pie shall be considered as a whole pie in favour of the Bank, and that no sums, of more than Rs. 10,000 or less than Rs. 50, if an endowment, or of more than Rs. 200 or less than 4 annas a month, if a monthly allowance or pension, shall be provided for.

(c) The amounts paid back to the depositor or his nominees, heirs or legal representatives shall be debited in the accounts of the Bank as repayments of principal; and when the aggregate amount exceeds the aggregate amount paid into the deposit account, the balance shall be accounted for as interest.

(d) Every depositor under this system shall make his periodical payments before the end of each month, quarter, half-year or year, as the case may be, failing which he shall be charged a fine of two pies per month (or fraction thereof) on every rupee or fraction of a rupee overdue. If the arrears are not paid before the close of the next month, quarter, half-year or year, as the case may be, the deposit account shall at once be closed and the amount actually paid into the Bank shall be returned together with interest thereon at the rate of $3\frac{1}{8}$ per cent. per annum.

(e) If a depositor dies after a deposit account has been opened in the Bank, it will be open to his nominees, heirs or legal representatives to continue the deposit account by intimating in writing to the Bank within two months from the date of the death of the original depositor their intention to do so; on receipt of such intimation, it shall be open to the Board of Management of the Bank either to allow the deposit account to be continued or reopened, or to close it and return to the nominees, heirs or legal representatives the amount actually paid into the deposit account together with interest thereon at the rate of $3\frac{1}{8}$ per cent. per annum. If no such intimation has been received in the Office of the Bank within two months of the death of the depositor the deposit account shall at once be closed, and his nominees, heirs or legal representatives shall be paid back the amount actually paid by the deceased together with interest thereon up to the day of death at the rate of $3\frac{1}{8}$ per cent. per annum.

(f) If a depositor dies after an endowment has matured or while he is in receipt of a monthly allowance or pension under this system, the endowment or allowance or pension shall thereafter be payable to his nominees, heirs or legal representatives, exactly as it would have been paid to him if he had not died.

(g) The Board of Management of the Bank shall have full authority to deduct from the amount payable to a depositor, or his nominees, heirs or legal representatives any moneys due by him or them to the Bank.

CONFERENCES.

A TALUK CO-OPERATIVE CONFERENCE, KASARAGOD, SOUTH CANARA.

As the close of the current co-operative year was fast approaching, it was thought to be necessary to convene a sort of informal conference of some of the societies in the district in order to ensure continued efficiency of management in all directions. It was also decided to restrict the conference to one taluk instead of convening a District Conference, as the comparatively large scale on which the latter would have to be held might prevent it from being as practical as it ought really to be. The Kasaragod Taluk was chosen this time on account of its comparative backwardness in point of efficiency of management. A conference was therefore summoned to meet on the 1st of June in the office of the co operative society at Kasaragod at 2-30 P. M. Invitation to the conference was confined to the panchayatdars of societies, and all the societies (with the exception of only one or two) were found to be represented at the gathering. Mr. P. K. Kunhunni Menon, Assistant Registrar of Co-operative Societies, Calicut, and the two Government Inspectors of the District, were present. The Vice-President and the Secretary of the South Canara Central Co-operative Bank also attended.

The usual procedure of passing a number of resolutions was dispensed with as unpractical. The Assistant Registrar was unanimously voted to the chair. After his introductory remarks in Malayalam explaining the objects and usefulness of such conferences, reports of some typical societies (both good and bad) were read out by the panchayatdars concerned. A new feature introduced in the proceedings was the discussion that was raised upon the facts and figures brought out in each of the reports. Good points were emphasised, defects were analysed and traced to their root causes and a thorough debate followed in which a large number of those present took an active part.

After lunch, the meeting was thrown open for questions and answers relating to the administration of societies. Almost every panchayatdar had a question or two to ask, and all were answered to the satisfaction of those concerned. It was late when the proceedings came to a close. Though it was apparently on more or less novel and original lines that the conference was launched and conducted, all those that had gathered together were impressed with the highly practical nature of the business done. It is proposed to abandon the idea of a District Conference altogether and stick to this new system of Taluk Conferences which are thought of being held once a quarter or at least once every six months.

THE TIRUVANNAMALAI TALUK CO-OPERATIVE CONFERENCE.

This conference was held on the 4th July, 1917 at 3 P. M. More than 50 delegates were present with more than 100 other members of societies. A. V. De Rozario, Esq., B. A., Revenue Divisional Officer, Tiruvannamalai presided. Mr. A. Vedachalaiyar Avl., B.A., Assistant Registrar of Co-operative Societies, C. Subbiah Mudaliar, B.A., the Tahsildar, R. V. Venkatasubbaiyar, M. A., the Taluk Board President and some others were present.

The proceedings began with the reading of the reports of the Tiruvannamalai Co-operative Bank, Ltd. and reports of Tandaramput, Aranji and Alaganandal Societies were read by their Secretaries. A budget for the union for the ensuing year was passed. Then the conference passed the following resolutions. They are :—

1. To start Elementary Schools wherever there are no schools.

2. To request the Taluk Board to entrust the supervision of the existing Board Schools to the panchayats of rural societies.

3. To request the President, Taluk Board and the Divisional Officer to entrust the execution of the public works to societies, the members of which are the direct recipients of the advantages of such works.

4. To request the Central Bank to fix the date of repayment of all loans on the 30th June of each year irrespective of the date of loan issued and to avoid collecting half-yearly interest.

5. To open a seed depot.

6. To organise a building society for the town of Tiruvannamalai.

The Chairman in his concluding speech spoke very highly of the useful work turned out by the union and also hoped more progress would be forthcoming in the coming year. The conference dispersed at 5 P. M.

THE KILACHERI AGRICULTURAL BANK.

FOUNDATION STONE LAYING.

The Hon'ble Diwan Bahadur P. Rajagopalachariar, C. I. E., laid the foundation stone for the building of the Kilacheri Agricultural Bank, at Kilacheri at 3 P. M. on Monday the 23rd July, 1917. The readers of the Bulletin know that Kilacheri is the first society to be started on work in the Presidency and it is in flourishing condition. Successive Registrars testified to its good work and it will give pleasure to the co-operators of the Presidency to know that the society will soon have a substantial building of its own.

Kilacheri is a place of historic importance. It contains a larger population of Indian Catholics who found their way into the village about the year 1780 A. D. They were Kammas by caste and their original home was in the Guntur District. They were a class of hard working industrious people and the barren soil where they settled was soon converted into flourishing fields. About the same time as the Catholics settled in the village the forefathers of the Hindu Velalas that now live in the village came there in search of new homes on account of the destruction of their village by Haidar's soldiers who fought the battle of Pillalur (Second Mysore War). Harmony always existed between the Hindus and the Catholics and they always co-operated in everything affecting them in common. Comparatively early the villagers had the benefit of Western Education. A number of Catholic Monks lived in the village and it was a work of love to them to teach the children of the village. To these villagers the idea of a co-operative society was given and they readily took it up.

It was the Hon' ble Diwan Bahadur as first Registrar that registered the society. In the year 1904 when he was Registrar he selected this village to sow the seed of co-operation as a result of his investigation. The choice proved a happy one, for, Kilacheri Bank worked splendidly well and the co-operative element spread rapidly all over the Chingleput District. There are now 300 societies and 9 local unions in the District. Rai Sahib C. Aruliah Naidu is the President of the Society and he was responsible for the formation of a number of societies in the four northern taluks of the district. His interest in the co-operative movement is unbounded and Mr. Rajagopalachariar and his successors appreciated his work.

The function was a great success. The Hon'ble gentleman motored from Madras in company with Rao Bahadur T. Vijayaragavachariar, Secretary to the Board of Revenue, Settlement Department. He was received at the entrance to the village where a big triumphal arch had been put up, and garlanded. After a welcome address was read on behalf of the villagers by Mr. Shavariah Naidu, an elderly member of the village, he was conducted in procession, an Indian Band playing, to an artistically decorated *shamiana* on the site of the proposed building where he was accorded an enthusiastic reception by the co-operators of societies affiliated to the Kilacheri Union and of other important societies in the district who gathered in large numbers. The *shamiana* was packed up on all sides by men, women and children of

the village who were eager to have a look at their old Registrar. Among those present were, Diwan Bahadur L.D. Swamikannu Pillai, Rao Bahadur T. Vijayaragavachariar, Mr. J. Williams, Deputy Collector, Rai Sahib C. Aruliah Naidu, Rao Sahib C. Mariappa Mudaliar, Mr. D. Arulanandam Pillai, Assistant Registrar of Co-operative Societies, Mr. M. Venkataraghava Reddi, Vice-President of the Chingleput District Board, Mr. K. Daivasikhamani Mudaliar, Chief Inspector of Co-operative Societies, Mr. P. Srinivasachari, Tahsildar, Mr. V. D. Rajaram Mudaliar or Sub-Magistrate, Mr. C. Shavariah Naidu, Mr. Abdul Wahab Sahib, The Rev. Father Maclazic, Mr. V. Arulswami Pillai of the Surgeon-General's Office, Mr. K. Narayanaswami Mudaliar, Mr. O. M. Venkatanadha Ayyangar, P. Ramachandra Sastri of Conjeevaram, Rev. Father Besliar of Valapuram and Kuppuramaswami Sastriar, B. A., B. L., of Madras.

The proceedings commenced with a Telugu song invoking the Almighty's aid to the success of the ceremony. Rai Sahib C. Aruliah Naidu presented an address, in the course of which he said that it gave him and the members of the Bank immense pleasure to see that the function was to be performed by their first Registrar, their benefactor. It was he that wandered from village to village in company with the speaker, sat with the ryots in their pials, talked to them freely and after much ersonal effort registered and started their Bank on work; he visited the village very often and nourished their society with paternal care. It was very appropriate that he who laid the foundation for the society should lay the foundation stone. The Hon'ble Member would be glad to learn that the society which he fostered with so much care grew in strength and had to be split up into 30 societies with a Union to supervise them. The transactions of the parent society rose from Rs. 5,000 in 1905-06 to Rs. 30,000 in 1916-17, and its reserve fund from Rs. 358 to Rs. 4,125. The movement had come to stay before the Hon'ble Member laid down the office of the Registrar in 1907. The By-laws were settled and other matters such as accounts, etc., were also settled and he might be regarded as the father of the movement in the Presidency. Then the Hon'ble gentleman was shown the plan of the building and was conducted to the foundation stone. He was presented with a bottle containing current coins and newspapers, which was deposited in the receptacle prepared for the purpose. Then mortar having been spread with the handsome silver trowel presented and the foundation stone having been lowered, the Hon'ble Member declared the stone well and truly laid. He was conducted back to the dais after which he made a felicitous speech. He said he was very glad to come once again to Kilacheri, a place dear to him. He always considered that his work in Kilacheri was no less important than any performed by him in his service of over 30 years. He was particularly glad that the first public function he had to do after he became a member of council was at Kilacheri. He selected this place to sow the seed of co-operation after a great deal of investigation. He was invited to the place by the late Mr. K. Appaswami Mudaliar, District Registrar, Trichinopoly, a native of this village. His brother Rao Sahib C. Mariapa Mudaliar and Rai Sahib C. Aruliah Naidu assured him of the success of the society if one was given to them. Mr. K. Deivasikhamani Mudaliar came forward to work the society expecting no reward. He gave them a society and he was glad to find that it is in a very flourishing condition being an example to others.

In the matter of a sanitary grant to improve the water supply of the village referred to by Mr. Aruliah Naidu he said that Government would give their best consideration to the proposal, if the District Board supported it. He hoped the building would soon be completed and the Kilachri co-operators would once more show him the kindness of inviting him to open the premises. Kilacheri was most dear to his heart and he wished the villagers health, wealth and prosperity.

The Diwan Bahadur was then garlanded amidst loud applause and the National anthem having been sung the interesting function came to a close with a vote of thanks proposed by the well-known co-operator, Swami Govind Naidu.

The Hon'ble Member and those assembled were then photographed and, after refreshments had been served, Mr. Rajagopalachariar left the village for Madras.

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NOTES AND NEWS.

The Bombay Draft Rules.

The Bombay Government have recently published draft rules under the Co-operative Societies Act, which have caused a good deal of dissatisfaction among our brother co-operators of the Western Presidency. On the 27th of July last an influential meeting of the co-operators of Bombay was held at the office of the Bombay Central Co-operative Bank to consider the draft rules and a representation was adopted thereat which has been submitted to the Government by the Hon'ble Mr. Fazulbhoy Currimbhoy. Our readers will find it reproduced elsewhere. The draft rules have been criticised as tending to tighten the strings of official control. Among the innovations contemplated by them are (1) the power given to the Registrar to fix the minimum period for which and the minimum rates of interest at which societies may accept loans; (2) the creation of a right in the District Collector to attend any meeting of any society in his District and to address the members on any subject; (3) the prohibition of a society doing anything "by itself, or by the committee or any officer," which may involve the Society in religious or political controversy, and (4) the fettering of the discretion of the general body of a society under liquidation in the disposal of its surplus assets. On these and other points the representation of Bombay co-operators gives the correct view. We abstain from repeating those arguments here.

We would add, however, a few words with regard to the needless political misgivings of the authorities. They seem to have always been present in their minds. The Maclagan Committee on Co-operation saw danger in the immense potentialities for good or evil that would result from organising through co-operation large numbers of agriculturalists who have hitherto been ignorant, unorganized and inarticulate. They, however, admitted that hitherto there has been no evidence whatever of such evil tendencies. Yet, they recommended that official control should be increased by strengthening the staff of the Registrars by appointing Joint-Registrars for every thousand societies or a fraction thereof after the first thousand was exceeded, and by the District Collector visiting the societies during his tours and taking a personal interest in them. But even the committee did not think that the Collector should be given the right to address the members of a society on any subject or that they should listen to him with uniform humility and attention whatever the subject or his qualification to speak on it. But we repeat these political misgivings are needless and are even harmful. Co-operators as a body have no political inclinations and it is extremely rare to find even stray individual members of agricultural societies understanding or caring for even the most elementary political topics. No Society in its corporate character can have anything to do with either politics or religion being precluded by the Act and the by-laws. It is only among the members of non-agricultural societies in urban areas that a few individuals may be found interested in politics. But they are generally men of light and leading, taking an active interest in the country's progress in every direction—socially, economically, politically etc. The co-operative movement has everything to gain and nothing to lose by their connection with it. The existence of a rule similar to what the Bombay Government has now published and the spirit of political distrust behind it is likely to foster an excessive and ignorant zeal among Inspectors and Supervisors, leading to an interference with the legitimate independence of action on the part of the members. A person joins a co-operative society for certain objects among which certainly are not religion and politics, and, in his capacity as member, he will have nothing to do with them. But there is nothing to prevent his taking part in them outside the society. The subordinate officials of this country cannot be trusted to respect the liberties of co-operators, once the official misgivings with regard to politics are allowed to assume the form of a rule.

Political training is no doubt a by-product of co-operation, but it is political training of the best sort. The co-operative society teaches every member to exercise his vote judiciously it familiarises him with the processes of holding meetings and expressing feelings and opinions by means of resolutions; it trains people to manage affairs wisely and for public good; and it gives scope for the best brains to strike out new paths and formulate new policies. This is political

training of a kind which any administration should desire its people to acquire. There are, therefore, absolutely no grounds for misgivings to trouble the minds of the authorities.

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Pessimistic views.

A very pessimistic view of co-operation in India was taken by Mr. F. D. Ascoli who has contributed an article to the *Bengal Economic Journal* on the economic condition of the agricultural classes in Dacca District. He estimates the indebtedness of the cultivators of the district at Rs. 4·76 crores; the rates of interest ranging from 24 to 150 per cent. per annum, but averaging at 45 per cent. a sum exceeding Rs. 2·14 crores has got to be paid to the money-lenders on interest alone. "The loans issued by the present societies benefit only one in every 150 agricultural workers in the district, while for every rupee advanced by the societies Rs. 238 are advanced by money-lenders. If this is the normal development of ten years' working there is little doubt that the remedy will be too late to stop the effects of the disease." When the poverty, indebtedness and indifference of our agriculturists are considered, it is no wonder that some people should yield to pessimism. Yet, a little reasoning is sufficient to dispel it. Mr. Ascoli like many others is impressed by the vast indebtedness of the ryot and almost despairs of all improvement while it lasts. We are not at all sure that there will ever come a time when the agriculturalist, especially the small ryot, will be altogether free from debt. Mr. Wolff and many other co-operators and economists have emphasized the inevitable need for credit felt by the small farmer. In Germany, France, Denmark and other European countries where agricultural co-operation has been practised for a long time and on an extensive scale, the cultivators are more indebted proportionately to their income, than our ryots are. But the difference between them and us lies in this that their debts are mostly due to the purchase and improvement of land, while ours are due mostly to marriages, deaths and similiar unproductive causes. The mere fact of our ryots being indebted need not frighten or worry us; what we should mind is its cause. If people gradually lessen their borrowing for unproductive purposes and, on the other hand, borrow and invest the amount in agricultural improvement or trade, we have no reason to be sorry. The conditions of agricultural life being what they are, it will be a great surprise if the agricultural community be ever altogether free from debt. By inculcating thrift, co-operation will change,—there are evidences in every province that it has already begun to do so—the causes of indebtedness from unproductive to productive.

The rate of interest is indeed more deserving of consideration than either the fact or the amount of indebtedness. The average rate mentioned by Mr. Ascoli is very high being 45 per cent. per annum. In this Presidency, in ordinary times, (that is, before the war) no honest ryot, however small, had need to pay more than 18 or 24 per cent. interest. Perhaps the rates of interest for agriculturists are lower in Madras and Bombay Presidencies on account of the ryotwari tenure of land. Still, it appears to us that 45 per cent. average interest is too high an estimate even in Bengal for an honest cultivator. It would be interesting to know whether Mr. Ascoli admits that co-operative societies have brought down the prevailing rate of interest anywhere. We know that it has been the case in several parts of this Presidency. In the United Provinces and elsewhere the difference in interest between co-operative and private borrowing is at present as much as 10 per cent. When it is open to every honest man to join a society and borrow at 10 per cent. cheaper, the private money lender is obliged to approximate his rate to that of the society. This lowering the rate of interest in the general money markets is one of the most salutary results of co-operative societies.

Mr. Ascoli is dissatisfied with the present rate of growth. It is a holy discontent which we respect with all our heart. But apart from it, is the rate really so slow that we should despair? Outside observers having been applying the epithets 'marvellous,' 'miraculous,' and 'phenominal' to our co-operative development. In ten years about 20,000 societies have been started—not a bad pace at all. But in the future it is bound to be accelerated. The growth in the beginning has been slow in every country and so it should be presumed to be in our country, though compared with other countries we have every reason to congratulate ourselves. On the whole we see no reason whatever to get into Mr. Ascoli's pessimistic mood.

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Remarkable Progress in Russia.

In a thoughtful article on the future of co-operation the *Hindu* has drawn attention to the rapid expansion of the movement in Russia in recent years and specially during the war. The progress of Russia is of particular interest

to us, because the conditions of no other European country are so akin to our conditions. It is essentially an agricultural country with 86·7 of its population depending on land for livelihood. In 1908 a Union was started of co-operative creameries with a membership of 65 societies which had a turnover of £ 238,000. In 1916 the number of the creameries affiliated to the Union had risen to 1,000 and their turnover to £ 7,000,000. In 1905 there were about 1,000 distributive societies mainly for the benefit of workmen; in 1914 the number had risen to over 10,000, while during the three years of the terrible war it has doubled itself, there being at present no less than 20,000 of them. It is also noteworthy that unlike the distributive societies of England and of India, the Russian societies benefit the agricultural classes. These societies are also well-organised. There are several unions of them which are also wholesale societies. One of them, the Moscow Union, had in 1910 only 393 societies affiliated to it with a turnover of 2 million roubles but, in 1914 the affilialed societies had risen to over 1,700 with a turnover of 22 million roubles. But its growth after the declaration of the war has been quite phenominal, the turnover during the first eight months of 1915 alone amounting to 46½ million roubles. The same rate of growth is to be seen among the credit societies also. They have risen from 1,434 in to 16,057 in 1917.

After noting these facts the *Hindu* has commented as follows, with which we need hardly say we are in perfect agreement :—

Its Lesson.

"Now, what is the lesson that we in India have to learn from this marvellous progress? In the first place, it is that, if the spread of the movement on right lines be actively encouraged, then there would be far more rapid progress than there is at present. The policy of "hasten slowly" has its virtues, but we are not sure it does not unnecessarily check the progress of the movement. Granted adequate provision for the necessary instruction in co-operation, we think that societies may, subject to strict adherence to the minimum of fundamental principles necessary for safe working, be allowed absolute discretion as regards their work. Such minimising of obstacles as are possible, coupled with extensive propogandist work by a suitable and efficient non-official agency which must soon be provided, will, we are sure, result in a substantial increase in the progress of the movement. Another point that Russia teaches us is that even in an agricultural country development need not be one-sided or altogether disproportionate. The progress of the movement in this country has been, it is justly complained, so far confined to the credit side, and it is time, we think, that we set about seriously to remedy this state of things. What is required is earnestness, on the part of leaders as well as on that of Government. If Government care to do nothing beyond offering colourless criticism of official reports, if they but continue to bless only to damn, then we are afraid the movement cannot be of such benefit as can be expected of it and as it is known to yield in other countries. We do hope, therefore, that they will take the matter in hand as early as may be and draw up a post-war programme to be worked out in a definite period of time.'

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Our readers are no doubt familiar with the name of the philanthropist, Sir Daniel Hamilton, who, soon after the Co-operative Credit Societies Act of 1904 was passed, placed a sum of Rs. 20,000 at the disposal of the Government of India to be lent to co-operative societies without any interest for the first three years, and afterwards to be recoverable in ten equal instalments together with interest at 2 per cent. per annum. Out of that amount Rs. 5,000 were given to the societies of our Presidency. He has now offered to the Calcutta University one prize of Rs. 500 and five prizes of Rs. 100 each for the best essays on "How the co-operative movement will develop Indian Unity and Nationality." We add our humble tribute of gratitude to the Calcutta's gentleman's solicitude for the cause of co-operation.

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The Sham Rao Vithal Urban Co-operative Credit Society Ltd.

From the last year's report of this society published recently we notice a remarkable progress in many directions. The number of members has increased from 1,077 to 1,180, the amount of share capital from Rs. 34,051 to Rs. 39,217, the amount of loans advanced to members from Rs. 3,01,858 to Rs. 4,78,326, and deposits from Rs. 2,11,630 to Rs. 2,64,811, but the net profit has decreased from Rs. 9,128 to Rs. 8,520. The society contributes annually 5 per cent. of its net profits to the Shamrao Vithal Education Fund and last year it amounted to Rs. 426. The amount of the reserve fund has now risen to Rs. 30,000 of which Rs. 5,000 is invested in war loan. About 4,888 shares have already been taken up leaving a balance of 3112 shares available to the members. The paid-up share capital is nearly Rs. 49,000. The rate of interest on deposits varies from 3½ to 5 per cent. per annum according to their nature,—fixed, current or cumulative.

A pleasant feature of the loans advanced is that about Rs. 3,60,876 were given for purposes of trade and industry. It is satisfactory to note that the amount of overdue loans was only Rs. 10,143 as against Rs. 11,658 in the previous year and considering the total transactions the proportion is not at all high. The society has seven branches, six of which are situated in the Southern Mahratta country and one at Mangalore in our Presidency. We confess we are unable to understand how a society registered in one province can have a branch in another. The remarkable development of the society is of course due to the efficiency of its management and to the hearty co-operation of its members, to whom we offer our hearty congratulations on their last year's work.

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We learn that the Bombay Provincial Co-operative Conference will be held this year at Poona in September and that H. E. the Governor has consented to preside on the occasion.

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On the 29th of June last Rai J. M. Mitra Bahadur, M. A., Registrar of Co-operative Societies, Bengal, handed over the charge of his office to Mr. J. T. Donovan, I. C. S. He was in office as Registrar for about seven years and the movement under him attained a remarkable development An interesting review of his administration has been published by Prof. P. Mukkerji, M. A., F. R. S. in the pages of the July issue of the *Bengal Co-operative Journal.*

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The Co-operative Agricultural Union.

In the current number of the *Agricultural and Co-operative Gazette* of Nagpur are published the model by-laws of a Co-operative Agricultural Union for the information of the co-operators in the Central Provinces and Berar.

Its objects are what an agriculturist would practically aim at, *viz.*, "(1) to secure for members practical assistance in the application of the most recent improvements in agriculture, (2) to provide an organised means of bringing such improvements into use by the members as promptly as possible, (3) to control by means of co-operation and united effort the purchase, production, and as far as may be the sale of seed, implements, produce and live stock; and (4) to secure by this means the economic betterment of members by keeping them in constant touch with the most profitable and prudent method of modern scientific agriculture."

Such a Union has no share capital, and its liability is limited. It will comprise a group of villages and any individual who has attained the age of 18 or society may become its member provided the party has landed interests within the area. Though the Union is managed generally by a committee of 5 elected members, it will be under the direct supervision of the Deputy Director of Agriculture who is ever ready with his practial advice and has a right to vote in all general and committee meetings.

CO-OPERATION AND THE BENGAL LEGISLATIVE COUNCIL.

At a meeting of the Bengal Legislative Council held on the 13th of March last, the Hon. Dr. Nilratan Sarkar moved a resolution to the following effect:

"A recurring grant of Rs. 20,000 be provided for further strengthening the staff of the Department of co-operative societies by the appointment of a second Joint Registrar, four Inspectors with knowledge of weaving, one Inspector with knowledge of fishery work and one Inspector with knowledge of dairy work"

In moving the resolution Dr. Sarkar said that the Co-operative department was working very slowly in the Province owing to want of staff. In support of his opinion he quoted Mr. Jack I. C. S. who had written that at the present rate of progress in co-operation it would not be possible to eliminate the money-lender from his district in less than a thousand years and also Sir Daniel Hamilton who thought that at this rate Bengal would not be covered with the fertilizing stream of credit before the year 2200. The Hon. Doctor further urged that after the war there would be keen industrial competition among the nations of the world, and if India should at all survive it, her industrial position should be strengthened by an adequate development of the department of co-operation. He was not satisfied with the provision

that had been made in the Budget for one Joint Registrar, one Auditor and four Inspectors and pressed for more appointments as indicated in his resolution, quoting the recommendation of the Maclagan Committee that there should be a Registrar for every thousand societies, the present number in Bengal being 2,666. The resolution was opposed by Government on the grounds that the Maclagan Committee's report was being considered by the Secretary of State and before his arriving at a decision the Local Government were not permitted to incur any large expenditure; that all that could be reasonably expected was being done as they had recently appointed four additional Inspectors and had provided for four more in the Budget under discussion; that the mover of the resolution had asked for the appointment of specialists for developing co-operation in particular directions, whereas, what was desirable in the present state of organisation was good all-round men in charge of particular areas who would look after the movement in all directions within their respective charges. The spokesmen of the Government further pointed out that there were only 17 weavers' societies in the Province and there was a special Inspector looking after them, and he did not see the necessity for appointing four more as desired by the resolution. The Doctor pressed his motion to a division and it turned out that 23 were for it and equal number against it. It was, however, defeated by the adverse casting vote of the Vice-President of the Council.

While commending the Doctor's zeal for accelerating the progress of the movement in his Province, we are sorry we have to differ from him on several points. We do not share his enthusiasm for Joint-Registrars for every thousand societies, recommended by the Maclagan Committee. A more efficient arrangement in our opinion is to appoint Indian officers of the grade of Deputy Collectors to be in charge of about 300-400 societies as is the case in our own Presidency. It is not possible for any officer to be in personal touch with a thousand societies scattered over large and distant areas. Indian officers chosen for their aptitude will be eminently successful in orgainsing new societies especially in their native districts as is abundantly proved in our Presidency. As the number of societies increases year by year we think it will be necessary to appoint officers to look after the societies of every two or three districts, until the societies can so organise themselves as to take over all the functions now discharged by Government officers. Nor do we agree with the Hon. Doctor in the matter of appointing specialists for developing particular kinds of industrial and other societies. We are inclined to agree with the official spokesman's view that a geographical distribution of Inspectors is preferable to functional distribution. What Dr. Sarkar wanted was that more societies of particular kinds should be started. It is not exactly specialists that are necessary for it. Any person of good general education, who has understood the principles of co-operation and takes the trouble to acquaint himself with the economic condition of any particular class of people can judge for himself whether a co-operative society will help or succeed with that class. The sphere of the specialist is to give technical aid and instruction, which he can give to co-operators and others as well. Co-operative unions and agricultural associations in Denmark and other countries have employed experts in many branches of agricultural science for the benefit of their members. But their appointment followed, and did not precede the organisation of the associations that have employed them. Weavers' societies, for instance, can be formed by an honorary or official organizer who is not a specialist in weaving. If the members of one or more societies want to improve their methods or technical knowledge, then is the time for a specialist to be appointed either by a society or a union of societies or by the Government for their benefit. We have of course no quarrel with the appointment of experts as such, without any special reference to organizing co-operative societies. They are welcome inasmuch as they improve the technical knowledge and skill of the people. But so far as the starting of co-operative societies is concerned, it is not expert knowledge in any subject that is necessary but an understanding of the principles and practice of co-operation.

Dr. Sarkar hopes that the development of the co-operative department will save our country from the evil results of foreign industrial competition which is sure to be particularly keen after the close of the present disasterous war. We heartily wish we were in a position to share the good doctor's hopes. There is no use blinding oneself in excessive enthusiasm to the limitations of co-operation. It may be very desirable that it should be a panacea for all ills that affect a mankind, but it is a fact, though somewhat disappointing, that it is no such panacea. Co-operation cannot solve altogether

the question of home industries *versus* factory production. By eliminating the middleman, co-operation can to a certain extent cheapen the supply of raw materials and implements and make the sale of the finished product more profitable. But that such advantage as it can afford will enable home industries to compete successfully with the factory organization of industries, is much more than what we can concede. The best scope for home industries lies in spheres which are free from the competition of factories. The weavers of Bengal will be best helped by the people of the province so changing their tastes as to prefer cloths which can be made only by handlooms. That is the case in the Deccan, Mysore and Madras Presidency. The silk and lace bordered dhoties of men and the coloured sadies of women in those areas are all woven in the homes of the weavers and therefore their occupation is not gone as in areas where white and coloured muslins are in fashion.

PRIMARY SOCIETIES AND THEIR SUPERVISION*

[BY MR. A. SRINIVASACHARIAR, SRIVILLIPUTTUR, RAMNAD.]

The learned co-operator, Rai Sahib K. Ramaswami Aiyar, in feeling the pulse of the movement at the present stage has rightly diagnosed the defects that retarded the healthy growth of co-operation in the past. But the reasons or causes that led to such defects, were not fully or clearly brought out, and he has suggested no means to remedy the defects. As a veteran co-operator who has worked long for the improvement of the societies, he would have done well to suggest some practical schemes by which an effective supervision can be had, rather than leave it for other co-operators to do.

It is accepted on all hands that he has made a great self-sacrifice for co-operation in this presidency, which has been rightly recognised also by the Government. It is a well-known fact that the sole and chief banking concern for the societies in the two districts of Ramanad and Madura, is ably manned by him with a large establishment for the supervision of the societies. It is also admitted on all hands that he has visited many societies and has a personal knowledge of their numerous defects. Under such circumstances, it is high time that some

* The reference is to an article on the above subject contributed by Rai Sahib K. Ramaswami Ayyar to the June number of this journal.

definite plan should be put forward by him for guidance to the rural societies for mending matters in point of supervision. As a humble co-operator in a far away place like this, I hope to have such guidance from him very soon.

The learned writer, after briefly pointing out the causes of many failures of societies, lays stress upon "organisation and multiplication of societies under official pressure as *the* cause". I am really at a loss to know what he means thereby. From a smattering knowledge of the co-operative movement for the past three years and from a review of the history of societies in rural parts, I am led to believe that there has been no official pressure upon the Government staff for organising Societies. On the other hand there is reason to believe that the subordinate officials were instincted to be cautions in organising new societies; and I beg to differ from him in this point and my humble opinion is: (1) the subordinate officials or honorary workers did not bestow as much care and caution to the organisation of societies as they ought to have, and (2) there was little supervision or regular audit by the inspectorial staff. The failure is, in my opinion, due to these rather than to any other.

The learned writer enunciates clearly three suggestions that are generally urged for remedying the present condition of the societies and discusses the feasibility or utility of each in extenso, shelving aside each as of no practical benefit to the societies.

Firstly, according to him, "more unions should be formed". This is held by him to be an "ideal system" and he concludes that it is productive of more harm than in case there were no unions. But the reasons to the conclusion do not appear to me to be clear, sound and convincing, and I think, if at all any scheme will be effective, it is the formation of unions with healthy, systematic and intelligent constituents which would serve as the best mode of improving the societies. Before dealing with this at a little more length, I should like to say a word about the other two suggestions mentioned by him. I fully agree with him in holding that they cannot, at present, serve as successful schemes for bettering the condition of the rural societies. The Government inspectorial staff, besides being highly discouraged, has been much curtailed by the Government. The area of societies under the inspectors has been found practically unwieldy, so that

they have laboured little in keeping up the tone of the societies. There is no practical benefit or aim in resorting to that suggestion again, when we cannot achieve it and even if achieved it cannot serve the purpose; while the third point urged is yet to be tried and about which nothing can be said here with certainty.

Now going to the first suggestion, that the formation of unions is the best mode of supervision over primary societies, is conceded to be the ideal system; but the defects which, in his opinion, beset it, do not commend it to be of practical benefit, but make him pronounce it as productive of harm. No doubt every institution or undertaking, if not manned or conducted regularly and systematically, is open to such dangers always. The human material is not perfect and it is one of the objects of the co-operative movement to improve the moral, mental and intellectual tone of the masses, besides relieving their indebtedness.

The general body of the co-operative societies is supposed to have a control and supervision over the respective societies and because they are not at present competent enough for that, outside remedy is sought and advocated. But in every society, there may be one or two in the Panch, who may be competent for the function or at least there may be, in every two or three societies one or two members who may have some knowledge of co-operative matters that may qualify them to sit in the general body of the union.

A union, so constituted, with at least a majority of competent men in the general body, and with a minority, though small, in the executive, may in course of years tend to improve the adjacent societies, much more than the present system. The Assistant Registrar, though at first he may be troubled in guiding the members of the union, will entrust the business wholly to the union in the long run.

Then again, the position of the intermediary supervisor, is another factor, which, I think, looms large in the learned writer's mind. He thinks that the supervisors cannot be properly controlled by the incompetent executive of the union, nor would the District banks care about them. These are observations that carry no weight at all. According to the constitution of the union, their powers and rights also may be regulated ; and the District Banks in cases where the executive of the union are not sufficiently competent or powerful, may retain powers of supervision and control over supervisors.

Here again, the system of introducing supervisors, is not in itself capable of producing the desired effect, unless the sphere of supervision is small and their diaries checked and scrutinized. The present supervisors are not free from the defects of the inspectorial staff. The supervisors should not be given more than 15 societies each. If possible, only 10 societies should be given, and their diaries and tour programme should pass through the executive of their respective unions. In areas where the union is not, in the opinion of the secretary of the Bank, competent enough for the function, the secretary should act with caution in the matter of sanction of loans and check the supervisor's diaries etc. The secretary should supply that union with clear rules and regulations with regard to its conduct of business.

Though I feel diffident at the proper working of unions here, I think that it is the most effective mode of supervision, and all efforts should be made to organise unions and improve the societies at present, before organising new societies.

THE RATE OF PROGRESS IN DIFFERENT PARTS OF INDIA.

Mr. E. B. Ewbank I. C. S., Registrar of Co-operative Societies in Bombay, has contributed an interesting paper on the above subject to the June number of the *Bombay Co-operative Quarterly*.

In that article he first of all defines what is meant by rate of progress and how it can be deduced from Reports and statistics. According to the annual abstract published by the Government of India, the four main factors that mark the progress of co-operation are the number of societies, number of members, capital and disbursements. As these are inadequate for a correct estimate of the progress unless the extent to which co-operative knowledge has been diffused among the masses is known, their value is only relative, and not absolute. For example, the number of societies as showing progress should be viewed in relation to the area of the province, its population, the

number of members per society and the average capital. The following statement will reveal progress in that view for 1914-15:—

Name of Province.	Total Number of Societies	Number of Societies per lakh of population.	Number of Societies per 1000 Sq Miles.	Average membership per society.	Average working capital per society.
					Rs.
1. Punjab ...	3,337	16 7	33 2	47	5,738
2. United Provinces ...	2,962	6 8	26 4	40	3,966
3. Central Provinces...	2,297	16 5	23 2	20	3 143
4 Bengal ...	1,992	4·4	25 5	54	5,519
5. Madras ...	1,600	3 9	11·3	74	8,880
6. Burma ...	1,489	14·1	9 25	26	5,586
7. Bihar and Orissa ...	1,087	3 1	13 1	50	3,359
8 Bombay ...	836	4·3	6 8	103	9,775
9. Mysore State ...	725	12·5	2 5·0	73	4,256

Adequate finance, he says, is the next important thing to be considered, but the amount of working capital in the movement should be examined in relation to the number of members. As the amount of working capital given is not a correct figure, the capital of the Central Banks appearing once again in the capital of primary societies, he has given the following statement showing the amount of working capital available per member of the primary agricultural societies during 1915-16:—

Name of Province	Working Capital	Working Capital per member	Working Capital per member in agricultural primary societies
	Rs.	Rs.	Rs.
1. Punjab ...	2,05,68,000	189	105
2. Madras ...	1,68,88 000	123	74
3. Bengal ...	1,24,46,000	102	60
4. United Provinces ...	1,20,34,000	90	48
5. Burma ...	1,03,39,000	221	130
6. Bombay ...	90.66,000	91	60
7. Central Provinces ...	87 09,000	132	70
8. Mysore State ...	41,20,700	68	44
9. Bihar and Orissa ...	43,27,000	70	39

Another criterion is the capital obtained locally in rural areas, that is, the local deposits of members and non-members, the share capital and the reserve fund.

Name of Province.		Amount of deposits in agricultural Societies.	Amount of deposits by members per head.	Total Reserve fund.
		Lakhs.	Rs.	Lakhs.
1.	Punjab	24·53	7	29·16
2.	Bombay	15·22	20	4·70
3.	Bengal	8·80	10	8·31
4.	Madras	7·78	8	8·06
5.	Bihar and Orissa	4·50	3	2·69
6.	United Provinces	2·63	1	9·90
7.	Central Provinces	1·48	3	3·77
8.	Burma	1·30	1	8·18
9.	Mysore State	1·14	7	1·59

"Success in one direction is frequently counterbalanced by backwardness in another, and no province, with the possible exception of the Punjab, yet stands out as distinctly the premier province in India for co-operation."

The following four main conditions, he says, contribute to the rapid progress of the movement :—

1. A keen demand for cheaper credit for agriculture.

2. An educated peasantry, or, failing that, strong educating and supervising agencies to control societies.

3. An organization which can ensure to village societies prompt and adequate finance.

4. An experienced and sufficient departmental controlling staff.

He concludes by saying that "progress will not be solid unless co-operators take their destiny into their own hands and by their own individual labours work out their own salvation."

PROGRESS OF CO-OPERATION IN INDIA.

BOMBAY CO-OPERATORS' PROTEST.

The following representation to the Government of Bombay was adopted at a meeting of the representatives of Co-operative Societies in the City of Bombay recently held at the office of the Bombay Central Co-operative Bank Ltd., regarding the draft co-operative rules, the Hon. Mr. Fazulbhoy Currimbhoy presiding:—

We, the representatives of societies in the City of Bombay assembled in public meeting, beg to invite the attention of Government to the following objections against some of the draft rules proposed to be issued under S. 43 of Act II of 1912 and request that, when they are taken into consideration by the Governor in Council, this representation may be given due weight and the rules be modified or withdrawn in the light of the objections and suggestions contained herein.

Rule 9: Under the Co-operative Societies' Act, the Registrar has to approve bye-laws (Sec. 9). The minimum periods for which and the maximum rates at which co-operative societies can borrow have been laid down in the bye-laws of many societies and this practice can be made compulsory for all societies by including a clause to that effect in Rule 5, so that, when sanctioning bye-laws for societies, the Registrar can use his discretion in recommending certain classes of societies to adopt such limits in respect of rates and periods as he considers essential. This is preferable to the method proposed to be adopted by Government, inasmuch as societies will be made to feel that it is themselves who are restricting their power of borrowing and not an external authority. A bye-law adopted by a society on its own responsibility is a better instrument of Government than an arbitrary rule framed by the Registrar of Co-operative Societies under the orders of Government.

Rule 18: (which prohibits a co-operative society, by itself or by the Committee or any officer, taking any action involving the society in the discussion or propagation of controversial opinions of a political or religious character) is quite unnecessary; for, no societies have been heard of having taken part in controversial, religious, or political propaganda. The Committee on co-operation while making a recommendation on this subject observe that, "In India we are glad to say that we have seen little or no signs of the introduction of any spirit of religious controversy and from a political point of view the societies have afforded an excellent outlet for the public-spirited activities of Indians who desire to ameliorate the condition of their fellow-countrymen on the lines of self-help." In this connection we desire to emphasise the importance of keeping the co-operative movement in touch with all healthy public activity. The co-operative movement is part of the life of the nation, and should not, if it is to be a vital force in the regeneration of the country, be entirely divorced from all other aspects of the national being. Moreover, the proposed rules may have the effect of depriving the movement of the services of prominent co-operators who take active part in political or religious movements or discussions.

Rule 19: The Collector or for the matter of that all Government officials are welcomed to co-operative societies, and their presence or inspection or advice has never been objected to. The need for making this a matter of right and privilege has not been shown in this Presidency nor have the Committee on Co-operation made any recommendation on the point. Allowing the Collector power to address a society on any matter that comes up for discussion may injure the harmony of the movement and even endanger the present cordial relations that exist between Government and co-operators. The risk has to be guarded against of the association of the district officer with the co-operative movement not taking a form which, to quote the report of the Committee on Co-operation, "would impede their independent development or entail harm to the movement in cases where the officer is sceptical, indifferent or rash." Under the original Act, certain powers were conferred on the Collector but these were withdrawn in Act II of 1912, as presumably experience showed that they were neither necessary nor desirable. The attempt to give the Collector the new powers contemplated by the rule is a departure from the tendency to de-officialize the movement which was in evidence when the Act was amended in 1912.

Rule 26: At a Departmental Conference held at Poona in March 1916 one of the resolutions passed by an almost unanimous vote was to this effect:—That a stage has not yet been reached in the development of the movement in this Presidency when the primary societies could be charged without prejudice to their growth, audit fees by

Government; that Government audit should be free in the case of primary societies with unlimited liability. The Registrar suggested the following amendment which is in substance similar to the rule now proposed:—That Government should lay down the maximum standard on which it will provide a staff at the public expense for the audit of primary societies, and should institute a rule empowering the Registrar to levy an audit rate for the expenses of the audit of societies in areas where their number exceeds the powers of the maximum staff admissible. This amendment was lost, none except the Registrar being found to vote for it. This conference was attended only by honorary organizers, departmental officers, and a few representatives of Central Banks. And its decision shows the strength of feeling among officials as well as non-officials against any attempt to levy audit fees from agricultural credit societies. We beg to urge upon the attention of Government the view set forth in this decision of the Departmental Conference.

Rule 35 (7): Under the present rules, the general meeting of a dissolved society has power to decide about the disposal of any cash balance of the society that may remain with the liquidator. Under the new rules the surplus assets have to be transferred either to a Central Bank or a Union, or utilized for some other object approved of by the Registrar of Co-operative Societies. In the first place, the term "surplus assets" is not definite enough. It is essential to restrict the surplus assets to the balance that is left on the discharging of such liabilities of the society as may remain undischarged after the enforcement in full of the liability of the individual members of the society, on the repayment of share capital paid up, if any, and, finally, on payment of dividend upon such share capital at a rate not exceeding 10 per cent. per annum for any period or periods for which no dividend has been paid. Further, we desire to represent that as the Reserve Fund has been built up by the exertions of a society, there is no reason why a Central Bank or Union should have the benefit of it, unless the members so desire. The members of a society are, under this rule, to be deprived of all choice as to the application of the balance remaining in hand after completion of the liquidation proceedings of the society, and are to vote the disposal of the funds built up by them either to a Central Bank or Union or to a purpose selected by the Registrar of Co-operative Societies. Thus the very stimulus for accumulating a substantial reserve is taken away. We do not object to the surplus assets, as defined above being made indivisible on dissolution. We submit that, on liquidation, the balance should be devoted either to a Central Bank or a Union, or to some object of public utility, as is decided upon by the members assembled in general meeting or is described in the bye-laws of the society. The objects of public utility may be restricted to charitable purposes as laid down in Section 2 of the Charitable Endowments Act, 1890 and may, in addition, include education in co-operation and co-operative propaganda.

THE MODEL BYE-LAWS OF A CO-OPERATIVE PURCHASE SOCIETY.

General.

The following model bye-laws for a co-operative purchase society have been sent to us for publication by the Registrar of Co-operative Societies, Madras :—

The society shall be called "The Co-operative Purchase Society, Limited." No. It is registered as a co-operative society under India Act II of 1912. Its address shall be post in the taluk of the district. Its operations shall be confined to

2. The aims of the society are :—

(*a*) The encouragement of thrift and self-help ;

(*b*) the purchase of the necessaries of life for retail to the members, the carrying on in common for the benefit of the members of the society of trade of general dealers and the establishment and the conduct on co-operative principles of such other lines of work or departments of business as from time to time may be resolved upon by the general body of members ;

(*c*) the dissemination of the knowledge of co-operative principles and their realization as far as practicable ; and

(*d*) the doing of all such other things as are incidental or conducive to the attainment of the above objects.

3. The liability of the members shall be limited to the amount of share capital subscribed by them.

4. The capital of the society shall be Rs. consisting of shares of Re. each.

5. Any person over eighteen years of age and who is competent to contract residing within the area of operations mentioned in by-law 1, may become a member and continue as such, provided that no person can claim admission as a member as a matter of right. All applications for admission as a member and for all allotment of shares shall be made to the Secretary in the form prescribed for the purpose. Every such application shall be placed before the Board of Directors who may either grant it or reject it without assigning reasons.

6. An entrance fee of anna shall be collected for every share.

7. The minimum number of shares which a member can hold shall be one and the miximum shall be. It shall, however, be competent for the members to utilize the dividend earned by them in the purchase of additional shares, in which case the maximum number of shares which a member can hold shall not exceed

8. No member shall be permitted to withdraw his share or shares within years after admission. When a member withdraws under this by-law, he shall be paid back the share capital actually paid by him after deducting therefrom the moneys, if any, due from him to the society.

9. Should a member at any time cease to be qualified for membership either on account of change of residence or owing to any other cause, the Board of Directors shall remove his name from the list of members and he shall be paid back the share capital actually paid by him after deducting therefrom the moneys, if any, due from him to the society.

10. (1) If a member dies his membership shall *ipso facto* cease.

(2) (*a*) Every member of the society may nominate any person to succeed in the event of his death to his share or interest in the society. Such nomination shall, in the event of his death, be given effect to by the society provided :—

(i) The nomination was signed by the deceased in the presence of at least two witnesses attesting the same ;

(ii) the nomination has been registered in the books of the society kept for the purpose ; and

(iii) the person nominated is or has been admitted by the Board of Directors as a member of the society under by-law 5.

(*b*) In the event of there being no person nominated by the deceased and entitled to succeed to his share or interest in the society the heir or legal representative of the deceased or any person nominated by such heir or legal representative within one month of the death of the deceased member shall be entitled to succeed thereto, provided such heir or legal representative or his nominee is or has been admitted by the Board of Directors as a member of the society under by-law 5.

(*c*) In the event of there being no person entitled to succeed under clause (*a*) or (*b*) of this by-law to the share or interest of a deceased member of the society, the society shall pay to the nominee of the deceased or to his heir or legal representative as the case may be a sum representing the deceased member's share or interest at the time of his death ascertained in accordance with the by-laws of the society.

11. A past member shall be liable, as defined in by-law 3, for the debts due by the society as they existed at the time when he ceased to be a member, for a period of two years from the date of his so ceasing.

12. The estate of a deceased member shall be liable, as defined in by-law 3, for a period of one year from the date of his decease for the debts due by the society as they at the existed time of his decease.

13. A member may at any time increase the number of shares held by him, subject to the limit prescribed in by-law 7, but no member shall be permitted to reduce the number of shares held by him within years after admission.

14. No member shall be permitted to transfer any share or shares held by him unless he had such share or shares for a period of at least year. Nor shall any such transfer be allowed unless to the society or to any member or members of the society, subject to the conditions in regard to the maximum holding laid down in by-law 7.

15. The society shall have a common seal.

Borrowings by the Society.

16. It shall be competent to the Board of Directors to borrow money on behalf of the society either from members or from persons other than members or from other co-operative societies either by way of deposits or otherwise and to settle the terms for such borrowing provided, firstly, that the interest payable on deposits shall not exceed 6¼ per cent. per annum, secondly, that the interest payable on borrowings other than deposits shall not exceed 7½ per cent. per annum and, thirdly, that the aggregate indebtedness of the society, whether to members or to non-members, both by way of deposits or otherwise, shall not at any time exceed Rs.

Board of Directors.

17. The management of the affairs of the society shall vest in a Board of Directors, consisting of a President, a Secretary, and not more than other members. The members of the Board of Directors shall be elected by the general body for a period of year from among members holding not less than shares. After a Board is elected by the general body, the members of the Board shall elect the office-holders from among themselves. The President shall have a general control over all the affairs of the society. The Secretary shall be responsible for the executive administration of the society and shall be subordinate to the President. He shall have the custody of all the properties of the society. The Assistant Secretary shall help the Secretary.

18. An outgoing Director shall be eligible for re-election on the expiry of the period. The Directors in office shall continue after the expiry of the period till another Board is appointed. Any Director who fails to attend three consecutive meetings without sufficient cause, shall be deemed to have vacated his seat on the Board unless he is reinstated by the Board of Directors. If he is not so reinstated by the Board of Directors, they may elect another instead subject to the approval of the general body at the next general meeting. The meetings that break up for want of quorum shall also be reckoned in counting the number of meetings which any Director fails to attend.

19. The principal functions of the Board of Directors shall be subject to any reservation which the general body may prescribe from time to time in its resolutions or which are expressly made in the by-laws,—

(*a*) to appoint, fine, suspend or dismiss employees ;

(*b*) to fix their functions, pay and allowances ;

(*c*) to direct and supervise all the affairs of the society ;

(*d*) to draw up and enforce rules not inconsistent with the by-laws for the regulations of the business of the society ;

(*e*) to draw up the balance sheet ;

(*f*) to prepare the yearly report for the meetings ;

(*g*) to administer the moveable and immoveable properties of the society ;

(*h*) to appoint sub-committees and special committees transact such business as cannot be conveniently transacted by themselves ; and

(*i*) to excercise general supervision and manage all the business of the society.

20. The Board of Directors may appoint any one of their number or the Secretary or the two together to sign on behalf of the society for any specified act or business, provided that suits by or against the society shall be instituted by or against the Secretary for the time being.

21. The Board of Directors shall meet once a fortnight or oftener, if necessary, to conduct the affairs of the society. Three Directors shall form a quorum. All questions before the Board shall be decided by a majority of votes. Should there be an equality of votes, the President or other presiding member shall have a casting vote. All questions shall be decided in conformity with Act II of 1912 and these by-laws. Should any doubt arise as to the construction of the Act or any by-law or any other matter, the Board of Directors shall refer the same to the Registrar of Co-operative Societies for advice and act according to his advice.

22. No Director shall be present at a meeting of the Board when any matter in which he is personally interested is being discussed.

23. Any Director wishing to vacate his place in the directorate shall send in his resignation to the Secretary who will circulate it to the other Directors. After accepting the resignation the Board shall elect a member to fill the vacancy subject to the approval of the general body in the next general meeting.

General body.

24. The ultimate authority relating to the administration of the society shall be the general body which shall meet from time to time to conduct the work of the society. An ordinary meeting shall be held once a year within fifteen days after the commencement of the co-operative year. The Board of Directors may whenever it thinks fit and shall, upon a requisition made in writing by at least fifteen members stating the purpose of such meeting, convene an extraordinary meeting.

25. Twenty-four hours' notice at least specifying the day, place and hour of the meeting and in the case of special business the general nature of the business shall be given to the members, in the manner hereinafter mentioned or in such other manner as may be prescribed by the members at a general meeting; but the non-receipt of such a notice by any member shall not invalidate the proceedings of any general meeting.

26. The following, among other matters, shall be dealt with by the general body :—

(1) the election of the members of the Board of Directors ;

(2) consideration of the annual report due to the Registrar ;

(3) consideration of the Registrar's annual audit order ;

(4) the amendment or repeal of any existing by-law, or the enactment of a new by-law ;

(5) the expulsion of a member ; and

(6) consideration of any complaint which any individual member may prefer against the Board of Directors.

27. It shall be the duty of every member to attend the meeting of the general body. For a general meeting one-fourth of the total number of members or 15, whichever is less, shall form a quorum.

28. At general meetings the members present shall elect one amongst themselves as Chairman. The Secretary of the Society shall act as the Secretary of the general meeting.

29. The Chairman, may, with the consent of the meeting, adjourn any meeting from time to time, but no business shall be transacted at an adjourn-meeting other than the business left unfinished at the meeting from ich the adjournment took place.

30. Every member of the society shall have one vote irrespective in the number of shares owned by him.

31. All questions at a general meeting shall be decided by the majority of votes of the members present and voting. When votes are equal, the presiding member shall have a casting vote.

32. No addition to, alteration in, or cancellation of, a by-law and no enactment of a new by-law shall be made except at a general meeting of the members and except with the approval of the Registrar.

Trade.

33. The society shall carry on such wholesale and retail trade as may from time to time be decided on by the Board of Directors, provided, however, that no new trade shall at any time be undertaken by the society except with the previous sanction of the Registrar.

34. Except as provided in by-law 35, all transactions by way of purchases or of sales shall be strictly on the ready money system and sales shall be confined to members only.

35. The Board of Directors may, subject to the sanction of the Registrar and subject to such conditions as he may impose from time to time, empower the Secretary to buy from, and sell to, any co-operative society registered under India Act X of 1904 or II of 1912 on the ready money system such commodity or commodities as they may specify.

36. At the end of each quarter a stock shall be taken by the Board of Directors.

37. The society shall arrange for the concurrent and annual audit of the accounts of the society in consultation with the Registrar. The auditor or auditors so appointed shall submit his or their report to the Directors who will send a copy of the same to the Registrar.

38. The net profits of the society, as declared by the Registrar of Co-operative Societies, year after year, shall be disposed of as shown below :—

(1) one-fourth shall be carried to the credit of the reserve fund ;

(2) out of the remaining a dividend not exceeding per cent. per annum shall be paid to the members proportionately to the amount of paid up share capital held by each ;

(3) a sum not exceeding shall be divided among the members according to the amount of purchases made by them during the year ;

(4) the balance, if any, shall be added to the reserve fund.

All undisbursable profits shall be carried to the reserve fund.

39. The reserve fund shall be one and indivisible. It belongs to the society as a whole and no member shall claim a specific share in it. It is intended to meet unforeseen losses. The reserve fund shall be invested in the manner proposed by the Registrar. It shall not be drawn upon except

with the sanction of the Registrar. Even if the society be dissolved, the reserve fund shall not be divided among the members but shall be devoted to some public purpose at the discretion of the general assembly.

Miscellaneous.

40. If a member deceives the society in any way, or if his general conduct is such as to render his removal necessary, in the interests of the society, it shall be open to the general assembly to expel such member. An expelled member shall be paid all moneys due to him from the society. An expelled member shall be liable to the extent laid down in by-law 3 for the common debt of the society as it stood at the time of his expulsion, for a period of two years after such expulsion.

41. Within fifteen days after the close of the co-operative year ending 30th June the society shall prepare (1) a statement showing the receipts and disbursements during the past year, (2) a statement showing the assets and liabilities as they stood on the last day of such year and (3) a statement showing the profit and loss as it stood on the last day of the previous year These three statements shall be submitted to the Registrar without delay. After the Registrar has verified these three statements and granted his audit certificate, the society shall publish the statements in a manner approved of by the Registrar.

42. Receipts shall be issued for all payments made into the society. For payments made by members the receipts shall be signed by the Secretary or any person authorized by the Directors. For moneys received from non-members or other societies the receipt or bond shall be executed by three members of the Board of whom the President or the Secretary shall be one.

43. The Board of Directors shall have power to prescribe from time to time the scale of office establishment and to incur such expenditure as may be necessary for the management of the society; but they shall not themselves receive any fees for their services.

44. The society shall maintain such accounts and registers as are prescribed by rule VII under the Act and by the Registrar from time to time.

45. The Board of Directors shall be competent to fix the amount and nature of the security, if any, to be given by the office establishment.

46. It shall be competent to the Board of Directors to frame subsidiary rules consistent with the Act and these by-laws to regulate the work of the society. Such subsidiary rules shall be entered in the minute book of the society and they shall be reported to the Registrar for approval.

47. If any dispute arises touching the business of the society between members or past members of the society or persons claiming through a member or past member or between a member or past member or past member or persons so claiming and the Board of Directors, the party or parties concerned may refer the matter in writing to the Registrar. It shall be open to the Registrar to decide the dispute himself or refer it to an arbitrator or arbitrators as provided in clause (2) of rule XII framed under section 43 of the Act by Government. The decision or award of the Registrar or of the arbitrator or arbitrators, as the case may be, shall be final and it shall be presented for execution to the Civil Court having jurisdiction over the society.

48. The Board of Directors shall have authority to affiliate the society to any co-operative union (with suitable jurisdiction) that may be registered by the Registrar or that is working in the neighbourhood of the society. Towards the expenses of such union, the society shall contribute an amount equivalent to eight annas or any less sum upon every one hundred rupees of its borrowings as they stood on the 30th June last preceding. "Borrowings" in this by-law shall include (1) borrowings from central societies and (2) deposits and loans from members and and non-members; but shall not include share capital, reserve fund and current deposits.

THE MADURA-RAMNAD CENTRAL CO-OPERATIVE BANK, LTD.

The Madura Ramnad Central Bank has framed the rules given below for regulating the issue of loans to primary societies. We draw the attention of the other Central Banks and Supervising Unions to them and invite any criticism they may think fit to make.

General.

1. Societies affiliated to this Bank shall be divided into three classes:—

   i. All societies which are in the opinion of this Board, "well-managed," shall be placed in Class I.

   ii. All societies which have got Panchayat who are able to manage the affairs of the Society themselves, but at the same time could not be called well-managed in the opinion of this Board shall be placed in Class II.

   iii. All other societies shall be placed in Clas III.

2. At the beginning of each Co-operative year a list shall be prepared of societies falling within classes I and II and placed before the Board by the Secretary for their approval.

3. Loans shall be classified as (1) Cash Credit (2) Short term Cash Credit and (3) Short term and Long term loans.

4. Cash Credit loans shall be given only to Societies falling within class I as per rules relating to Cash Credit Loans.

5. Societies falling with Class II shall be permitted to operate in Short term Cash Credit as per rules relating to them.

6. The Secretary shall be authorised to advance sums in Cash Credit and short term cash credit accounts upon application made to the Bank by the societies privileged to draw upon the same.

7. Short term and Long term loans shall be advanced upon the sanction of the Board, after obtaining the previous recommendation of the Assistant Registrar if necessary.

Cash Credit Loans.

8. Cash Credit Loans will be granted to all societies falling within the class of "Well-Managed Societies," and a list shall be prepared of such societies at the beginning of each Co-operative year.

9. The maximum limit for such Cash Credit shall be fixed in proportion to the normal requirements of the society in a year as disclosed in the annual returns.

10. The duration of the period for Cash Credit shall not exceed one year but it may be renewed at the end of this period.

11. Societies which are privileged to operate on Cash Credit shall submit the following statements on or before the dates mentioned below:

i. Monthly abstract statements of receipts and disbursements before the 10th of next month.

ii. Property statement of members (in the case of unlimited liability Societies) before 1st October of each year and Share Capital statements in the case of limited liabilty societies.

iii. Annual Balance sheet and profit and loss statement before the 20th July of each succeeding year.

iv. Statements of overdue loans and interest, half-yearly, before the 15th July and 15th January.

v. Statement of deposits and other borrowings, half-yearly, before the 15th July and 15th January.

vi. Societies shall be allowed to draw from the Central Bank any sum they may require in the form prescribed, provided the total indebtedness to the Bank shall not at any time exceed the maximum limit of cash credit.

12. Interests shall be calculated at the usual rate of $7\frac{1}{2}$ p. c. on daily balances and shall be added to the principal at the end of each half year.

13. In calculation of interest fractions of ten rupees shall be treated as full 10 rupees.

14. Societies shall be required to execute a pro-note for the maximum amount fixed in the order sanctioning cash rcedit.

Short Term Cash Credit.

15. Short term Cash Credit may be allowed to Societies grouped in Class III.

16. The Societies shall be privileged to draw loans from the Central Bank for disbursement of short term loans to its members and this amount shall not be applied towards disbursement of a long term loan.

17. The maximum amount that may be required for disbursement as short term loan to its members during the year, shall be fixed at the annual meeting of the Society to be held within the 15th August.

18. The Societies will be allowed to draw from the Central Bank any sum that may be needed for disbursement as short term loan, in the form prescribed stating the purpose, the date of repayment and the security offered, provided the total amount outstanding does not exceed the limit fixed at the Annual Meeting.

19. All sums borrowed under this head shall be repayable with interest within 31st May succeeding the date of the loan.

20. Societies shall submit to the Central Bank:—

(*a*) Monthly abstract statement of receipts and disbursements, before the 10th of next month.

(*b*) Property statement of members before 1st of October.

(*c*) Annual Balance Sheet and Profit and Loss Statement before the 20th July succeeding.

21. The societies shall be required to execute a pro-note for the maximum amount of Short term Cash Credit fixed at the Annual Meeting.

22. In calculation of interest, fraction of 10 rupees shall be treated as full 10 rupees.

Long and Short Term Loans.

23. Loans shall be advanced with the sanction of the Board after obtaining complete information from the Bank Supervisors about the working of the society and the needs of the members of the Societies applying for such loan.

24. All particulars required in the loan application form shall be supplied by the society before they are entitled to the loan.

25. The periods of repayments shall be fixed by the Board of Management provided that no loan shall be advanced for any period exceeding 10 years.

26. The interest and instalments of principal shall be payable annually within the last quarter commencing from 1st April and ending with 30th June.

27. Property statements of members of societies shall be submitted annually before the 30th December and no society shall be entitled to get a loan unless property statements were submitted as aforesaid.

A CO-OPERATIVE "AT HOME" IN PUTTUR, S. KANARA.

The members of the Board of Management of the South Kanara Central Co-operative Bank and those of the Managing Committee of the Puttur (South Kanara) Rural Credit Society gave an "At Home" on the 25th July last in the local Town Hall to Dewan Bahadur L. D. Swamikannu Pillai, Registrar of Co-operative Societies till recently and now Collector on special duty, who had come to Puttur in connection with the work on which he is at present engaged. Some of the local leading co-operators and sympathisers had also been invited to attend. After the partaking of refreshments and the distribution of *pan-supari* amongst those assembled, the Secretary of the Central Bank on behalf of the hosts proposed a vote of thanks to the guest of the evening for all the encouragement, assistance and advice given by him to the co-operators of the district during the term of his office as Registrar. South Kanara had been rather left in the lurch for some years after the passing of the first Co-operative Societies Act in 1904, and it was only after Mr. Swamikannu Pillai became the Registrar that the attention of the co-operative department came to be drawn to an appreciable extent to South Kanara also along with the other parts of the Presidency. As Puttur was at present the centre of the co-operative activities of the district it was natural for the co-operators of that place to avail themselves of the earliest opportunity after Mr. Swamikannu Pillai's handing over charge of the Registrar's office, in order to acknowledge their indebtedness to him for all that he had done for the expansion and consolidation of the movement in the district. In conclusion, he announced that the Board of Management of the Central Bank had informally decided to utilise a sum of about Rs.400 which would shortly be placed at their disposal in founding an endowment in Mr. Swamikannu Pillai's name to be used for such co-operative

purposes as might suggest themselves to Mr. Swamikannu Pillai as suitable.

Mr. Swamikannu Pillai, in replying, said that what little he had been able to do in and for South Kanara was due mainly to the hearty co-operation which he had received from South Kanara people themselves. Indeed the assistance which he received from the people themselves was so great that he could now only regret that he did not do more than what he did. Going into the general causes which lay behind the progress of the movement in the district, he said that one very important cause was the higher level of education that prevailed in the district. While, however, education might thus in one sense be said to be the foundation of co-operation, it has on the other hand to be called also the crown of co-operation, inasmuch as very often the feelings of union and corporate action developed by co-operation have been availed of in some localities to establish eductional institutions, such as, the new Seconday School at Puttur. As for the statement that co-operation was rather late in being introduced in South Kanara, he attributed it to the fact that the co-operative movement in Madras especially had been begun at what he called the "land end" *i.e.*, among the classes which had been blessed at least to some extent with the world's goods. In the utterly disorganised state of credit which prevailed in the country, prudence required that the first steps to be taken in the movement should be confined to cases where there were some material resources or other to rely upon. It was only after the foundations were laid on solid ground that the extensive superstructure of the present day could be reared. Among the features added to the movement by the development of co-operative societies in South Kanara, he referred particularly to the great strides that the societies of South Kanara had made in the grant of loans on personal security to the exclusion of mortgages of immoveable property. That was as it should be, and he foresaw a great and glorious future for co-operation in South Kanara, in spite of the faults and defects that the societies of South Kanara had in common with those of the other parts of the Presidency. In conclusion, he felt great pleasure in wishing the co-operators of South Kanara uniform success in all that they did and endeavoured to do.

With this the function came to a close, and after a few minutes of informal conversation the gathering dispersed.

THE THOLASAMPATTI CO-OPERATIVE UNION. LD.

The annual general meeting of the Tholasampatti Co-operative Union, Ld. Omalur Taluk, Salem District for the year 1916-17 was held at Tholasampatti at about 2 P. M. on the 31st July 1917. Delegates, members of the panchayat and other members from the 39 affiliated societies as also other earnest visitors from the neighbouring villages, aggregating in all to nearly 500 in number, assembled before 9 A. M. On that day. M. R. Ry A. Vedachala Ayyar Avl., B.A., Assistant Registrar of Co-operative Societies, Salem section, arrived an hour earlier. A decorated pandal was specially erected in front of the village Vishnu temple for the purpose of the gathering. Arrangements were also made for feeding persons from distant places. Mr. F. R. Hemingway, I. C. S., Registrar of Co-operative Societies, Madras, arrived in a motor at about 3 P. M. and was received by Messrs. A. Vedachala Ayyar, C. Krishnaswami Ayyar, the Union Supervisor and President of the Tholasampatti Credit Society along with other members. The Registrar was taken to the meeting pandal.

Among other matters, the working of the affiliated societies in general and abstracts of their transactions, disposal of overdue cases of loans under the new arbitration rules and other details for the guidance and further working of the societies were clearly explained by the Assistant Registrar, Mr. Sivalinga Chettiar of the Jalakantapuram Society was elected as a delegate to the proposed Salem Dt. Banking Union, Ld. 9 members were chosen for the governing body of the Union. It was a matter for much credit that except Kanjanaickanpatti Society (under voluntary liquidation) with a small amount of arrears, no affiliated society was in default to the District Bank on 30-6-17 but that, on the other hand, big amounts were remitted in advance before due dates.

Mr. Hemingway spoke both in English and Tamil on the importance of local deposits, made enquiries about the issue of loans under the Kanthu system in societies and also expressed the difficulty to sanction long term loans at present owing to extreme scarcity for money. The Registrar's conversation with the members was sympathetic and his presence aroused much enthusiasm among them.

The Registrar and his Assistant were then garlanded and the meeting was brought to an end at about 4-30 P. M.

The members present felt it an honor and a unique privilege to have had an opportunity to receive Registrar the among them on the occasion of an ordinary annual meeting of the general body of the Union.

REPORTS OF SOME MADRAS SOCIETIES FOR 1916-17.

THE PUTTUR RURAL CREDIT SOCIETY, S. CANARA.

The number of members has increased from 485 to 534 and they are composed of various classes. "The number of lady members which was only 11 at the beginning of the year rose to 20 at the close, of whom two were hotel keepers, 9 milk sellers, 2 coolies, 1 trader, 1 cultivator and 5 without any particular profession. Classified according to castes and creeds, we see that of 534 members, 226 were Brahmins, 4 Jains, 138 other Hindus, 3 Protestant Christians, 59 Mohammadans and 104 Roman Catholic Christians. Of the 20 lady members 3 were Brahmins, 1 other Hindu and all the remaining 16 belong to the Roman Catholic Christian community." That true co-operative spirit prevails among the members of the management may be clearly gathered from the fact, that when the Catholic community in spite of its repeated efforts could not get a special representation in the managing committee through the open door of election, one of them already on the committee resigned to enable the representative to be nominated for the vacant place. Such a harmony among members cannot but produce a healthy spirit of co-operation.

The share capital of the society rose from Rs. 1,302 to Rs. 1,366, and the deposits of members from Rs. 5,463 to Rs. 8,956 and of non-members from Rs. 19,306 to Rs. 22,271. "The Home-safe system which was introduced about the fag end of the year previous to the one under report proved to be a great stimulus to some of the poor members to save. The growing popularity of the system is shown by the fact that the Home-safe box deposits rose from Rs. 3 at the beginning of the year to Rs. 362-15-0 at the close. It might appear at first sight from the above statement of figures that not a single member cared to take advantage of the school fee deposits; but it will be seen that the school fee system deposits are as a rule made in the child's name as soon as one is born to ensure a monthly return when it attains the school-going age. Such deposits have to be classified as deposits from non-members." The rate of interest on current account has been reduced from 3½ per cent. to 3 per cent in conformity with that of the postal Savings Bank and of the Puttur Central Bank.

As regards loans dispersed during the year, "there were 1,118 applications for loans as against 1,168 in the previous year. The decrease in the number was mainly due to the absence of bogus applications as a result of the careful investigation by the committee as to the truth and *bona fides* of every application. Of the 1,118 loan applications, 990 were allowed and Rs. 65,776 were disbursed as against Rs 52,4'0. In the previous year 124 applications were disallowed, 2 were withdrawn and 2 were recorded for not having been pressed."

The purposes for which loans were sanctioned were varied and trade formed the most important factor, consuming more than 50 per cent. of the amount disbursed. A peculiar feature of the loans is that more than 96 per cent. of the amount was given on the security of sureties.

" During the year a rule was framed that the committee must be previously informed by members whenever they had any necessity to resort to outside borrowings. In case any member violates this rule and borrows from outside without informing the committee, he has first to put in a miscellaneous application for being excused. The application is disposed of with or without fine according to the merits of the case. One of the marked features of improvement is that loans of small amounts not exceeding Rs. 50 have risen both in number and in the aggregate amount. Progress has also been made in other ways. The range and sphere of the variety of purposes of the loans has evidenced to no small extent. Loans have been disbursed even for purchase of a sugar-cane mill and brass-work industry. The general rise in the transactions led to the necessity for introducing the system of joint loans and cash-credit, which was accordingly done during the year. It was not possible to disburse more than one loan under the cash credit system; but it is hoped that both these systems will be largely availed of in the current year with fruitful results." Owing to the watchfulness of the management cases of misapplication for loans are becoming rarer.

" It is a matter for satisfaction that most of the loans thus closed were repaid by the borrowers or sureties without much delay as is proved by the fact that the penal interest collected from defaulters during the year under report was only Rs. 25-14-8 as against Rs. 51-14-1 in the previous year * * * The total amount of fines collected in the year was Rs. 15 12-6 which was credited to the Common Good Fund Account." The Committee are to be congratulated on the smallness of over-due loans; but it is a fact worth mentioning here that hitherto there were no over-due loans at all.

The amount of interest realised for the year is Rs. 2,400-2-3. " The rate of interest on loans was 9⅜ per cent. on daily balances as before, penal interest at 9⅜ per cent. over and above the usual rate was charged on all over-due loans, half of this penal interest being set apart for distribution among the punctual borrowers."

There were held in the year 6 general meetings and 95 committee meetings against 8 and 95 respectively in the previous year. But it is regrettable to note that out of 95 committee meetings 58 had to be adjourned for want of a quorum, though it may be said to show a slight improvement, inasmuch as 67 meetings had to be similarly adjourned in the previous year.

An interesting feature among most of the members of the society is their voluntary contribution of the interest accrued from their Provident Fund deposits to the funds of the Servants of India Society. Not content with this method of help, the Society has arranged to collect charity contributions during the marriage and Upanayanam ceremonies at Puttur. It is a fact worthy to be noted that good collections are being actually made from this patriotic work, even the poorer classes having come to realise the objects for which the institution has been working.

THE PALAMCOTTAH URBAN CO-OPERATIVE CREDIT SOCIETY, LTD.

This is the fifth year of the Society's existence. The number of members on the rolls on the last day of the year was 422, the number of shares taken up by them 1,577 and the amount of paid-up capital is Rs. 7,767. Loans and deposits from members amounted to Rs. 16,251 and from non-members to Rs. 23,229. The net profit for the year is

Rs. 1,134-8-3, and the reserve fund, including the portion set apart for this year, is Rs. 1,050-14-3.

Of the 215 loans amounting to Rs. 26,048 issued during the year under review as many as 114 loans below Rs. 50 were disbursed, thus benefiting the poorer members of the Society. A regrettable feature in the report is that there were 31 over-due loans to the extent of Rs. 1,569 at the end of the year and that the members do not take much interest in patronising the Reading Room attached to the Society.

THE MADURA URBAN CO-OPERATIVE SOCIETY AND STORES, LTD.

This is the eleventh annual report on the working of the society, At the beginning of the year there were on the rolls 744 members including 50 associates, while at the end the number was 797. The number of shares held by the members on the last day of the year was 1,682, leaving a balance of 318 shares still available to members. The society tried its level best to collect as much share capital as possible during the year, as it was believed "that a society able to trade with its own capital is on a much better footing than the one conducting its operations mainly on borrowings" and this amounted to Rs. 11,599.

The society has two branches, one being termed General Branch conducting credit transactions and the other Stores Branch selling the necessaries of life to members. Deposits received are varied:—fixed, current, recurring, chit-fund and trade. The amount so received from members and non-members was Rs. 94,493—1—7, as against Rs. 93,124—9—11 in the previous year. About 842 loans to the extent of Rs. 77,435 were disbursed to the members during the year, while the coresponding figures in the previous year were 691 and Rs. 67,009. Of the sum of Rs. 41, 974 which was outstanding at the end of the year, Rs. 1,969 was over-due, which was, after all, not a heavy sum. A pecularity in the credit transactions is the introduction of the indigenous chit-fund system. Twenty-two chits of the auction kind were started during the year and the income received from this source amounted to Rs. 1867-1-9 as against Rs. 2051-0-2 in the previous year.

As regards the Stores Branch, purchases to the extent of Rs. 48,765 were made during the year. The sales amounted to Rs. 52,521-9-2 and the gross profit for the year is Rs. 2,506-4-4, while the corresponding figures in the previous year were Rs. 49,249-10-7 and Rs. 2,791-6-2. The decrease in the gross profit is said to be due to the fall of prices in some articles. The total transactions of the society amounted to about Rs. 9,41,378, showing the remarkable progress of the society all-round. The reserve fund has increased from Rs. 14,435-6-7 at the beginning of the year to Rs. 16,705-10-0. The successful working of the society is clear as may be seen from the following observations of the Registrar, Mr. F.R. Hemingsway, I. C. S., during his last visit to that Society—"I have been very interested by my visit to these Stores and by the views of the gentlemen managing the institution who very kindly showed me the books and the stores and explained their working at length. This institution seems to be working very efficiently and should have a great future. I wish it all success."

We heartily congratulate the management and the members on the efficiency of the society.

THE ERODE URBAN BANK.

From a tabular statement sent to us showing the transactions of the bank for the last 3 years, it is elear that they have been considerably enlarged in all ways. The number of members has increased from 466 in 1915 to 508 in 1917, and share capital from Rs. 10,976-2-0 to Rs. 15,448. Fixed deposits rose from Rs. 4,735 to Rs. 14,320, current deposits from Rs. 9,856-2-0 to Rs. 40,888-14-5 and monthly deposits from Rs. 2,744 to Rs. 3,214. The rapid increase in the current deposits is highly creditable to the Society. Loans advanced to the members were Rs.22,017 in 1915, while the corresponding figure is Rs. 41,084 in 1917. It is gratifying to note that a certain portion of the net profits is being handed over yearly to the local Mahajana High School for educational purposes. This contribution amounted to Rs. 111-14-8 in 1915, Rs. 96-3-7 in 1916, and Rs. 145-15-2 in 1917. The net profit for the year is Rs. 1,945-15-0 against Rs. 1,492-3-10 and Rs. 1,281-15 in 1915 and 1916 respectively.

FROM A REGISTRAR'S POINT OF VIEW.

The following are extracts from an interesting article on the above subject contributed by Mr. H. R. Crosthwaite, Registrar of Co-operative Societies, Central Provinces, to the May number of the *Bengal Co-operative Journal*:—

On Federation.

The Co-operative movement in India is, most of us think, entitled to representation on the Councils. "Landholders" are not always good co-operators, and, as a rule, the landlord is autocratic and not democratic in tendency and in action. I venture, also, to state that all Directors of Central Banks are not necessarily broad-minded co-operators. The federation is an institution which is not as yet generally appreciated in India. It is, roughly speaking, the Parliament of all Co-operative institutions belonging to one particular branch: *e.g.*, urban and industrial societies and banks unite in their own federation, and rural banks and societies in theirs. It is the voice of the federation which gives utterance to the views of the Co-operative body. The federation is a democratic institution based upon a system of elected representatives, and while it avoids interference in the detailed affairs of its members—the various Co-operative bodies corporate of which it is composed—it watches over and protects the general interests. There should, in my opinion, be federations in all Provinces; and there ought also to be an Imperial Federation for the whole of India. We have in this country, our Chambers of Commerce. And how can the co-operative movement in India attain a full measure of influence and importance without the federations which are to be found in the co-operative systems of other countries?

Stores.

I have often wondered why the Co-operative store has not captured the imagination and enthusiasm of town—dwellers in this country. It is the store which is the most conspicuous feature of co-operartion in England; and Denmark, too, has some wonderful institutions of this kind. Cash dealings, the dividend in the shape of the return to custom and a fair rate of interest only on shares, are the great features of the Co-operative store. And all stores adhere staunchly to the rule of "one man, one vote." The dividend promotes thrift, and thrift has

accumulated the huge capital which the stores, federated under their wholesales, put into production, into great factories which supply their own needs. The co-operative stores have succeeded in Western countries and in Japan, not because Governments have pampered and nursed them, but because their members have been loyal to their own institutions and have worked steadily and patiently for the future. Further, members have controlled, have studied, and have promoted their own interests. The stores have not climbed easily to their present proud position. Holyoake's "History of Co-operation" has a full account of their early struggles, and every educated citizen of India ought to read that account. The educated citizen is able to think, scheme, and organise for himself, and he has in his hands the future of many a great Indian industry, if he would only profit by the example set him by the citizens of other countries.

INVESTMENT OF RESERVE FUNDS IN WAR LOAN.

The following instructions are issued by the Registrar of Co-operative Societies, Bihar and Orissa, to all Central Banks, primary societies with unlimited liability and societies with limited liability—

All primary societies whose reserve fund amounts to 10 per cent. of its working capital or over should separately invest 90 per cent. of the fund. The rate of interest on loan to those societies which have accumulated a reserve fund amounting to 30 per cent. of its working capital and have been classified as "B" class societies should be reduced to 9⅜ per cent. The whole of the reserve fund thus collected should be invested either in the 5 Years Post Office Cash Certificates or in 5¼ per cent. War Bonds. When the whole or part of the reserve fund of a society has been invested in loans to its members, the Central Banks should advance the amount in deficit on behalf of the Societies and treat it as a loan repayable in 5 years. The Central Banks, and societies with limited liability should invest the whole of their Reserve Fund in the War Loan. Investment in these securities woud serve a double purpose. The support, however humble, which the investments would give to the loan, would serve not only as a grateful acknowledgment of the benefits of peace without which co-operative progress would be impossible, it would also be a practical recognition of the very high aims for which the loan is raised, *viz.*, to vindicate the rights of the weak and to assure the peaceful progress of the world in future. But I am not advocating any measure which would involve any pecuniary sacrifice to the societies. I am simply pointing out the best and safest investment available at present. The separate investment of the reserve fund is an urgent measure of reform in the interest of the movement. The attractive nature of the War Loan makes it imperative that the measure should be introduced without delay. I have the fullest confidence that the Directors of the Central Banks and the honorary workers would heartily co-operate with me in this matter, and I should like to see these instructions carried out before the 31st May, 1917. The Provincial Bank will arrange for the loans and all remittances should be sent to the Secretary, Bihar and Orissa Provincial Co-operative Bank, Limited, Bankipur, with a list showing the correct name of each society and the amount contributed by it.

Commercial Press, Madras, S. E.

THE

Madras Bulletin of Co-operation.

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NOTES AND NEWS.

A Provincial Bank for Bengal.

We do not claim to understand the reasons that may exist in Bengal which make the starting of a provincial bank there undesirable. In our Presidency the enthusiasm that at one time existed for a similar bank has disappeared with the orders of the Local Government settling the terms on which the Madras Central Urban Bank is to do the functions of a provincial bank. At the end of the official year 1915-16 there were no less than 39 central banks which had a working capital of about Rs. 46½ lakhs, that is, a little more than a lakh of rupees each. The large number of the central banks and the comparatively small amount of their working capital would lead one to suppose that a provincial bank would be heartily welcome by the co-operators of the province. We are at the same time told that Mr. Mitra, the late Registrar of Bengal, had inspired so much confidence in the minds of the *Zamindars* and other investing classes that they had trusted him with the incredibly large sum of Rs. 25 lakhs with which of course he fed the central banks. The amount entrusted to Mr. Mitra's care was larger than the working capital of three out of the four provincial banks that were in existence at the end of June 1916. We therefore think that the case for the starting of a provincial bank for Bengal is very strong indeed. But it should be organised on the best co-operative lines, doing business only with the central banks and giving them an adequate and even decisive voice in the management. The movement has taken such deep root in the country that it is no longer necessary to compromise one's conscience by accepting the services of supercilious banks which boast of their unco-operative and dividend—hunting character and whose only connection with co-operation is that they finance the societies.

Mr. K. Nageswara Rao, Assistant Registrar of the Cocanada section, whose excellent work is being appreciated both by the people and the Government, has kindly sent to us for publication some memoranda issued by the governing body of the Amalapur Supervising Union in the Godavari District to some of its affiliated societies. Elsewhere we have given translated extracts from them. The memoranda are in Telugu and based on the inspection reports of the Union Supervisor. They do credit to the co-operative zeal and efficiency of the governing body of the Union. The societies addressed do not seem to be good ones, but we understand they are typical of those in the Union area. The defects are of the common kind like those found elsewhere. But it is by removing them that unions will be doing the best service. We shall be glad to publish similar notes and instructions to societies from other unions or honorary organisers.

It appears that at a meeting of the general body of a primary society an honorarium of Rs. 30 was voted for the President in consideration of the great interest and self-sacrifice which he showed in working for the society; and that the amount was paid without the sanction of the Supervising Union to which it is affiliated or the approval of the Assistant Registrar. When the matter came to the knowledge of the union it at once objected to it and insisted on the amount being refunded during the visit of the Supervisor. The Union believes that co-operative societies would lose their popularity if the practice were allowed. There seems to have been some dissatisfaction felt on account of the refunding being insisted upon. The Union suspects it to have been caused or fomented by the enemies of the society and warns it to guard itself against such attempts.

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The Bengal Governors and Co-operation.

We envy our brethren in Bengal for the kindly personal interest of their present Governor and his predecessor in the spread of the co-operative movement. Lord Carmichael knew very well indeed the trick of winning the hearts of the people, whether here or in Bengal, not only by his deep sympathy with popular aspirations but also by his *incognito* movements among the people, which reminded us of the Arabian Nights and other romantic tales. So far as interest in co-operative societies is concerned, Lord Carmichael's excellent example

is already being followed by Lord Ronaldshay. We wish the same could be said of the other provincial heads of administration. On the 16th of July last he visited three co-operative societies near Dacca and spent a pleasant day with the villagers.

The next day he sent the following message to the co-operators of Bengal:—

"On July 16th I visited several villages in the neighbourhood of Dacca and discussed the advantages of Co-operation with the villagers. I inspected the books of the Co-operative Credit Societies and found them well-kept. The Co-operative movement in this part of the Presidency is, at present, confined mainly to Co-operative Credit. The advantage of pooling their credit which results in their being able to borrow money on favourable terms, is gradually coming home to cultivators, though membership of the societies does not appear to increase as rapidly as one would expect. The societies which I saw had been in existence for three years, and so far as membership is concerned were practically where they were when they were first formed. This is probably due to the innate conservatism of the cultivator which makes him slow to appreciate the advantages of new ideas.

"It is at any rate gratifying to find that those who have ventured into this new field of social economy thoroughly appreciate its benefits; and it can only be a question of time before others who are still sceptical, come in. In this connection it is most important to guard against the exploitation of such societies by unscrupulous persons. This is a danger of which the officials connected with the movement are, no doubt, fully aware.

"The movement has great potentialities for good, and it has my hearty good wishes and support."

Elsewhere will be found an account of his visit as it appeared in the *Bengalee*.

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Mr. T. Srinivasa Rao, Assistant Registrar of the Anantapur Section, has prepared a note on the progress of the co-operative movement since its inception in each of the districts in his charge. His note will be invaluable to Inspectors and honorary workers in the district and outside as well. It, moreover, shows at a glance in what directions the district is progressing and whether it is progressing at all. We commend his example to the other Assistant Registrars. We are publishing in this number his note on Co-operation in the

Cuddapah District. Our readers will observe that it is a plain and straightforward report without any attempt at glossing over the defects. We trust it will be read with special attention by the co-operators of the district. Along with this *note*, in fact as an appendix to it, Mr. Srinivasa Rao has sent a number of instructive and informing statements, which however we are unable to publish for want of space and other considerations. Our only regret is that it was prepared nearly a year ago.

We should remember that his section consists of districts which are thinly populated and backward in education and other matters. The large number of societies in the Anantapur District owe their organisation, as is well-known, to the zeal of a kind-hearted Tahsildar. We can therefore understand when he says with obvious regret that no spontaneous applications for societies ordinarily come from the villages of any of the districts in his charge. An agent of the Y. M. C. A., stationed at Gooty, having jurisdiction over several districts and confining himself to Christian villages, is the only private agency available for the organisation of new societies, or for doing general propagandist work. The staff under the Assistant Registrar is not large and is, we suppose, fully occupied with looking after the existing societies. "There is considerable scope for organising societies all over the district", he says of Cuddapah—and we believe he would say the same of the other districts as well—and he hopes that the starting of supervising unions and the consequent relief of his staff from inspection work would enable him to start more new societies in the current year (1916-17) and in the future. It should also be remembered that until the Anantapur section was newly formed the Ceded Districts were under the care of the Assistant Registrar at Bezwada who was too distant to take any active interest in organising societies in the districts. But with all that a certain amount of blame attaches itself to the leaders of public life and opinion in the Districts whose business it is, and not that of the Department, to 'find Raiffeissen', in other words to supply honorary workers for the cause. We hope this deficiency will be soon made up.

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The new Registrar of Bengal, Mr. Donovan, I. C. S., is an excellent story-teller. He describes in the July number of the *Bengal Co-operative Journal* under the heading, "An Irish Revolution" the transformation effected in a small and poor village in Ireland by an

humble but earnest co-operator. The story illustrates the noble work that is being done in hundreds and thousands of Irish villages by Sir Horace Plunkett and his world famous Irish Agricultural Organisation Society which seeks to rescue by means of co-operation the poor peasant from the clutches of the *gombeen man* who is a money-lender and trader combined and to arrest the emigration of the best young men and girls to America, an emigration that was draining Ireland of its most precious wealth, its able-bodied youth. A true story like the one related by Mr. Donovan is worth more than a hundred articles on the subject and we shall therefore reproduce its essential part in our next issue.

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The Saraswat Co-operative Housing Society, Ltd.

This Society which is the most successful housing society in India was registered the year before last and its second Annual Report was issued a few months back. It is very satisfactory to note that in the short space of two years it has come to possess fine buildings accommodating 42 families in all which constitute a seventh of the total Kanara Saraswat population residing in Bombay. The tenements are very popular with the community and there is a great demand for them. But owing to the high prices of building materials and tightness of the money market the society is unable to undertake further extensions in the near future. But when the report was issued it had taken on hand the construction of a second out-house for the servants and the compound wall. When these works are completed the society's capital expenditure will have reached the high figure of Rs. 1,50,000.

During the year under report the number of members rose from 111 to 132 and the paid-up share capital from Rs. 14,685 to Rs. 33,007-8-0. The number of holders of loan-stock has increased to 39 and Rs. 26,120 are paid up on that account. The sums otherwise borrowed by the Society amount to Rs. 47,622-8-0 of which the lion's share of Rs. 24,000 came from Sir Prabhashanker Pattani who has generously offered that amount to the Society at 4 p. c. interest, while the remaining amount was borrowed from well-wishers at 5 p. c. which is the maximum rate fixed by the by-laws. The deposits of the Societies amounting to Rs. 14,206 had to come from non-members. We wish the members' deposits reached a higher figure. The net profits realised during the year amounted to Rs. 1,496-14-3, of which

Rs. 4C0 was carried on to he reserve fund, the rest being utilised in paying a dividend of 5 per cent.

We congratulate the managing committee and particularly Rao Bahadur Talmaki, the soul of the Society, on the excellent work so far done.

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Mr. M. K. Gandhi on the Moral Basis of Co-operation.

We have published elsewhere a paper on "the moral basis of Co-operation" contributed to this year's Bombay Provincial Co-operative Conference by our revered countryman Mr. M. K. Gandhi. Great moralist that he is, he could not have chosen a more appropriate subject. He began by differentiating between the credit system of the commercial nations and the kind of credit that is expected to be developed by the co-operative movement. We cannot bring out this difference better than by quoting his own words :—" The banks do not pry into his moral character. They are satisfied that he meets his overdrafts and promissory notes punctually. The credit system has encircled this beautiful globe of ours like a serpent's coil, and if we do not mind, it bids fair to crush us out of breath. * * *

It was perhaps never so true as it is to-day that as in law so in war the longest purse finally wins. I have ventured to give prominence to the current belief about credit system in order to emphasise the point that the co-operative movement will be a blessing to India only to the extent that it is a moral movement strictly directed by men fired with religious fervour."

To illustrate his conception of the true Co-operator, Mr. Gandhi describes what he is himself attempting to do in his Satyagraha Ashram at Ahmedabad. The chief social work with which the inmates of his Ashram are busy now is the betterment of the District of the hand-weavers in the neighbourhood. Some families that left off the trade as being undignified are convinced of the necessary and useful nature of the calling and are persuaded to take it up again. The Ashram supplies yarn to the needy and helps them in the disposal of the finished products. In doing this bit of service the members come into intimate contact with the lives of those families, left them out of the despondency into which unequal competition has driven them. These volunteers satisfy themselves that the help given by them does not engender sloth or dishonesty but strengthens them in their moral struggle. As Mr. Gandhi says his

work for the weavers is purely of a moral character from start to finish. The workers aim at entering into the lives of the men and touching them at every point. The same, Mr. Gandhi observes, should be the ideal of co-operation to be kept always in view. It is wrong to suppose that its mission is merely to cheapen money to all that need it. Its help should be confined to those that are struggling to be moral but are defeated in their object by their grinding poverty. So the authorities and all those that work in the co-operative field should see that cheapened credit consequent on their work does not lead men astray. There is not much for congratulation that men get loans with less difficulty than before. Everything depends on the development of character and capitalisation of honesty as it is called. Co-operation is no doubt a business and not a charity organisation. But it is business where men's honesty and morality serve as the foundation and are further developed in the mode of working. We agree with Mr. Gandhi that true progress of co-operation can never be gauged by the mere number of Societies started, or by the capital they manage to build up or even by the amount of money Government spends on this head. In Mr. Gandhi's words the course of every pie lent to the members should be carefully traced and the co-operator should satisfy himself that the members lead better lives than when they came under their influence.

We heartily endorse the views expressed by Mr. Gandhi on the correct method of social service. It should not be mechanical or shallow as a great part of the much advertised social work is apt to be. But we beg to differ from him when he calls this co-operation and expects the officers of the department to do exactly what he has himself been doing at Ahmedabad. He and his followers are lending money to the weavers free of interest and acting as benevolent middlemen in the disposal of their goods. This sort of charity work co-operation is not meant to do. Co-operative organisations do not ask for doles of money. They are business organisations preaching thrift and self-help to the people. It should above all be remembered that the co-operator is a public-worker and not a dispenser of charity. Therefore while thinking with Mr. Gandhi that too much stress cannot be laid on the need for a strong moral basis for co-operation we plead that the co-operator should be equally attentive to the development of self-help and business habits in the people among whom he works.

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A Co-operative Printing Press.

The Sadananda Co-operative Printing Press, the first institution of its kind for the whole of India, was organised in the South Canara District on the 16th of June last and it started work on the 20th of August at Udipi. The membership is open to individuals and societies as well. The shares of the society are of two classes, *viz.*, ordinary shares of Rs. 50 each and special shares of Rs. 5 each to enable even men of limited means to become members in it. The Press has purchased plant and machinery for Rs. 4,000 from an already existing printing concern at Udipi. It is a welcome addition to the number of productive societies in the presidency. From the enthusiasm displayed by the co-operators there on the starting day, it is clear that the co-operative press will have a remarkable future before it. We gladly welcome this new institution and hope that it will have the generous patronage of both societies and individual co-operators.

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We are indebted to the *Bombay Co-operative Quarterly* for the following note which we trust will interest our readers :—

Federation of Co-operative Banks in Central Provinces.

Mr. H. R. Crosthwaite on his retirement from the post of Registrar of Co-operative Societies, has resigned the Governorship of Central Provinces Federation of Co-operative Banks, which is the guiding and controlling body of the co-operative organization in the Central Provinces and Berar. In succession to Mr. Crosthwaite, the Hon. Rao Bahadur Kelkar, a prominent Director of the Balaghat Central Bank, and a member of the Servants of India Society, has been elected Governor of the Federation. As such, Mr. Kelkar will be not only the working head of the Provincial Bank, but will be, what Mr. Crosthwaite terms, "the Prime Minister of the Parliament of the co-operative organization of the province."

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The co-operators all over India will be glad to hear that the bill to amend the Indian Trusts Act introduced into the Imperial Legislative Council by the Hon'ble Sir Fazulbhoy Currimbhoy in March last has been passed :

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The Seventh Mysore Provincial Co-operative Conference will be held at Mysore on the 17th and the 18th October, 1917.

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The *Bombay Co-operative Quarterly* in a note on the last report of Co-operative Societies in Madras is pleased to observe that it is the most voluminous, among the provincial reports, its size having been "extensively swelled by a large number of returns and statements." We are sorry we cannot agree with our esteemed contemporary in this criticism. Far from being voluminous the report in our opinion presents an aspect of being mutilated and unduly compressed. In an earlier issue of the *Bulletin* we expressed our dissatisfaction with the Government of India Order cutting down the length of the report considerably and artificially circumscribing it. The last Annual Report is only half the size of its predecessor and we expressed our disappointment in Government having shortened instead of lengthening the report of a department like Co-operation which is of living and growing interest.

As for our contemporary's disgust with the 'statements and statistical tables we assure it that figures relating to the districts will be much appreciated by the public of this Presidency for whom they are primarily meant.

THE MORAL BASIS OF CO-OPERATION.*

[BY MR. M. K. GANDHI]

The only claim I have on your indulgence is that some months ago I attended with Mr. Ewbank a meeting of mill-hands to whom he wanted to explain the principles of co-operation. The chawl in which they were living was as filthy as it well could be. Recent rains had made matters worse. And I must frankly confess that had it not been for Mr. Ewbank's great zeal for the cause he has made his own, I should have shirked the task. But there we were seated on a fairly worn out *charpai*, surrounded by men, women and children. Mr. Ewbank opend fire on a man who had put himself forward and who wore not a particularly innocent countenance. After he had engaged him and the other people about him in Gujarati conversation, he wanted me to speak to the people. Owing to the suspicious looks of the man who was first spoken to, I naturally pressed home the moralities of co-operation. I fancy that Mr. Ewbank rather liked the manner in which I handled the subject. Hence, I believe, his kind invitation to me to tax your patience for a few moments upon a consideration of co-operation from a moral standpoint.

My knowledge of the technicality of co-operation is next to nothing. My brother Devadhar has made the subject his own. Whatever he does, naturally attracts me and predisposes me to think that there must be something good in it and the handling of it must be fairly difficult. Mr. Ewbank very kindly placed at my disposal some literature on the subject. And I have had a unique opportunity of watching the effect of some co-operative effort in Champaran. I have gone through Mr. Ewbank's ten main points which are like the commandments, and I have gone through the twelve points of Mr. Collins of Behar, which remind me of the law of the twelve tables. There are so-called agricultural banks in Champaran. They were to me disappointing efforts, if they were meant to be demonstrations of the success of co-operation. On the

* Contributed to the Bombay Provincial Co-operative Conference held on 17th September, 1917.

other hand, there is quiet work in the same direction being done by Mr. Hodge, a missionary whose efforts are leaving their impress on those who come in contact with him. Mr. Hodge is a co-operative enthusiast and probably considers that the results which he sees flowing from his efforts are due to the working of co-operation. I who was able to watch the two efforts had no hesitation in inferring that the personal equation counted for success in the one and failure in the other instance.

I am an enthusiast myself, but twenty-five years of experimenting and experience have made me a cautious and discriminating enthusiast. Workers in a cause necessarily, though quite unconsciously, exaggerate its merits and often succeed in turning its very defects into advantages. In spite of my caution, I consider the little institution I am conducting in Ahmedabad as the finest thing in the world. It alone gives me sufficient inspiration. Critics tell me that it represents a soulless soul-force and that its severe discipline has made it merely mechanical. I suppose both—the critics and I—are wrong. It is, at best, a humble attempt to place, at the disposal of the nation, a home where men and women may have scope for free and unfettered development of character, in keeping with the national genius, and if its controllers do not take care, the discipline that is the foundation of character, may frustrate the very end in view. I would venture, therefore, to warn enthusiasts in co-operation against entertaining false hopes.

With Sir Daniel Hamilton it has become a religion. On the 13th January last, he addressed the students of the Scottish Churches College, and in order to point a moral he instanced Scotland's poverty of two hundred years ago and showed how that great country was raised from a condition of poverty to plenty. "There were two powers," he said, "which raised her—the Scottish Church and the Scottish banks. The Church manufactured the men and the banks manufactured the money to give the men a start in life . . . . The Church disciplined the nation in the fear of God which is the beginning of wisdom and in the parish schools of the Church the children learned that the chief end of man's life was to glorify God and to enjoy Him for ever . . . Men were trained to believe in God and in themselves, and on the trustworthy character so created the Scottish banking system was built." Sir Daniel then

shows that it was possible to build up the marvellous Scottish banking system only on the character so built. So far there can only be perfect agreement with Sir Daniel, for without character there is no co-opertion is a sound maxim. But he would have us go much further. He thus waxes eloquent on co-operation: "Whatever may be your day-dreams of India's future never forget this, that it is to weld India into one, and so enable her to take her rightful place in the world, that the British Government is here; and the welding hammer in the hand of the Government is the co-operative movement." In his opinion it is the panacea of all the evils that afflict India at the present moment. In its extended sense, it can justify the claim on one condition which need not be mentioned here; in the limited sense in which Sir Daniel has used it, I venture to think, it is an enthusiast's exaggeration. Mark his peroration: "Credit, which is only Trust and Faith, is becoming more and more the money power of the world, and in the parchment bullet into which is impressed the faith which removes mountains, India will find victory and peace." Here there is evident confusion of thought. The credit which is becoming the money power of the world has little moral basis and is not a synonym for Trust or Faith, which are purely moral qualities. After twenty years' experience of hundreds of men, who had dealings with banks in South Africa, the opinion I had so often heard expressed has become firmly rooted in me, that the greater the rascal the greater the credit he enjoys with his banks. The banks do not pry into his moral character: they are satisfied that he meets his overdrafts and promissory notes punctually. The credit system has encircled this beautiful globe of ours like a serpent's coil, and, if we do not mind, it bids fair to crush us out of breath. I have witnessed the ruin of many a home through the system, and it has made no difference whether the credit was labelled co-operative or otherwise. The deadly coil has made possible the devastating spectacle in Europe, which we are helplessly looking on. It was perhaps never so true as it is today that as in law so in war the longest purse finally wins. I have ventured to give prominence to the current belief about credit system in order to emphasize the point that the co-operative movement will be a blessing to India only to the extent that it is a moral movement strictly directed by men fired with religious fervour. It follows, therefore, that co-operation should be confined to men wishing to be morally right, but failing to do so, because of grinding poverty or of the grip of the Mahajan. Facility for obtaining loans at fair rates will not make immoral or unmoral men moral. But the wisdom of the state or philanthropists demands that they should help, on the onward path, men struggling to be good.

Too often do we believe that material prosperity means moral growth. It is necessary that a movement which is fraught with so much good to India should not degenerate into one for merely advancing cheap loans. I was therefore delighted to read the recommendation in the Report of the Committee on Co-operation in India, that "they wish clearly to express their opinion that it is to true co-operation alone, that is, to a co-operation which recognizes the moral aspect of the question, that Government must look for the amelioration of the masses and not to a pseudo-co-operative edifice, however imposing, which is built in ignorance of co-operative principles. With this standard before us, we will not measure the success of the movement by the number of co-operative societies formed, but by the moral condition of the co-operators. The Registrars will in that event ensure the moral growth of existing societies before multiplying them. And the Government will make their promotion conditional, not upon the number of societies they have registered, but the moral success of the existing institutions. This will mean tracing the course of every pice lent to the members. Those responsible for the proper conduct of co-operative societies will see to it that the money advanced does not find its way into the toddy-seller's till or into the pockets of the keepers of gambling dens. I would excuse the rapacity of the Mahajan if it has succeeded in keeping the gambling die or toddy from the ryot's home.

A word perhaps about the Mahajan will not be out of place. Co-operation is not a new device. The ryots co-operate to drum out monkeys or birds that destory their crops. They co-operate to use a common threshing floor. I have found them co-operate to protect their cattle to the extent of their devoting their best land for the grazing of their cattle. And they have been found co-operating against a particularly rapacious Mahajan. Doubt has been expressed as to the success of co-operation because of the tightness of the Mahajan's hold on the ryots. I do not share the fears. The mightiest Mahajan must,

if he represent an evil force, bend before co-operation, conceived as an essentially moral movement. But my limited experience of the Mahajan of Champaran has made me revise the accepted opinion about his 'blighting influence.' I have found him to be not always relentless, not always exacting of the last pie. He sometimes serves his clients in many ways or even comes to their rescue in the hour of their distress. My observation is so limited that I dare not draw any conclusions from it, but I respectfully enquire whether it is not possible to make a serious effort to draw out the good in the Mahajan and help him or induce him to throw out the evil in him. May he not be induced to join the army of co-operation, or has experience proved that he is past praying for?

I note that the movement takes note of all indigenous industries. I beg publicly to express my gratitude to Government for helping me in my humble effort to improve the lot of the weaver. The experiment I am conducting shows that there is a vast field for work in this direction. No well wisher of India, no patriot dare look upon the impending destruction of the hand-loom weaver with equanimity. As Dr. Mann has stated, this industry used to supply the peasant with an additional source of livelihood and an insurance against famine. Every Registrar who will nurse back to life this important and graceful industry will earn the gratitude of India. My humble effort consists firstly in making researches as to the possibilities of simple reforms in the orthodox hand-looms, secondly in weaning the educated youth from the craving for Government or other service and the feeling that education renders him unfit for independent occupation and in inducing him to take to weaving as a calling as honourable as that of a barrister or a doctor, and thirdly by helping those weavers who have abandoned their occupation to revert to it. I will not weary the audience with any statement on the first two parts of the experiment. The third may be allowed a few sentences as it has a direct bearing upon the subject before us. I was able to enter upon it only six months ago. Five families that had left off the calling have reverted to it and they are doing a prosperous business. The Ashram supplies them at their door with the yarn they need; its volunteers take delivery of the cloth woven, paying them cash at the market rate. The Ashram merely loses interest on the loan advanced for the yarn. It has as yet suffered no loss and is able to restrict its loss to a minimum by limiting the loan to a particular figure. All future transactions are strictly cash. We are able to command a ready sale for the cloth received. The loss of interest, therefore, on the transaction is negligible. I would like the audience to note its purely moral character from start to finish. The Ashram depends for its existence on such help as *friends* render it. We, therefore, can have no warrant for charging interest. The weavers could not be saddled with it. Whole families that were breaking to pieces are put together again. The use of the loan is predetermined. And we the middlemen being volunteers obtain the privilege of entering into the lives of these families, I hope for their and our betterment. We cannot lift them without being lifted ourselves. This last relationship has not yet been developed, but we hope at an early date to take in hand the education too of these families and not rest satisfied till we have touched them at every point. This is not too ambitious a dream. God willing, it will be a reality some day. I have ventured to dilate upon the small experiment to illustrate what I mean by co-operation to present it to others for imitation. Let us be sure of our ideal. We shall ever fail to realize it, but we should never cease to strive for it. Then there need be no fear of "co-operation of scoundrels" that Ruskin so rightly dreaded.

CO-OPERATION IN CUDDAPAH.

The following note on the progress of the Co-operative movement in the Cuddapah District since the pass ing of the Co-operative Credit Societies Act X of 1904, was prepared by M. R. Ry. T. Srinivasa Rao Avl., Assistant Registrar of Co-operative Societies, Anantapur and has been kindly sent by him for publication :—

2. The present Cuddapah District forms a portion of the old Cuddapah District from which the taluks of Madanapalli and Vayalpad were transferred to the new Chittoor District and the taluk of Kadiri to the Anantapur District in 1910-11. This note, deals with the societies situate in the area comprising the present Cuddapah District.

3. *Societies.* The first society to be started in the district was the one at Nandalur in the year 1905-06. It is an agricultural society but on limited liability basis. There was an absolute lull during the next five years. In 1911-12, twenty societies were started, fifteen in Rayachoti Taluk and five in Pulivendala Taluk. During the succeeding year, there was again a lull, which was followed by dissolution of a society in 1913-14. The next succeeding year was marked by some activity in the registration of four and the dissolution of two societies. One of the former was a non-agricultural society at the district head-quarters which until then had no co-operative society in its midst. In 1915-16, six new societies were started and three old ones dissolved, all in Rayachoti Taluk.

At present there are two limited liability societies in the district, one (agricultural) at Nandalur and another (non-agricultural) at Cuddapah. There are no other societies in these two taluks (Pullampet and Cuddapah). The remaining twenty-three societies in the district all of which are agricultural and unlimited, lie in the three taluks of Rayachoti (18), Pulivendala (3) and Prodattur (2). Both the societies in Prodattur are Christian societies whose members mostly belong to the depressed classes.

As in other districts comprising this circle hardly any villages come up with applications for societies. But for an agent of the Y. M. C. A. stationed at Gooty with jurisdiction over several districts, doing honorary work, there is no private agency for doing propagandist work. Accordingly, if any organization work is to be done it has to be undertaken by the Government staff of the Co-operative Department.

The present number of societies bears a percentage of a little less than 5 to the number of villages in the taluks claiming societies and of 2·8 to the number of villages in all the taluks of the district. There is considerable scope for organizing societies all over the district, and it is hoped that with the proposed introduction of the supervision scheme it will be possible to do comparatively more organization work during the current year.

4. *Membership.*—The district figures shew a steady increase from year to year. Coming to taluks, while the solitary (non-agricultural, limited) society at Cuddapah is expanding, the solitary (Agricultural, limited) society at Nandalur (Pullampet taluk) is contracting both in membership and business. In Rayachoti there is progress, while things are stationary in Pulevendala and Prodattur. The average strength of

a society for the district is 63 as against the Presidency average of 74 on 30th June 1915.

The agriculturists and non-agriculturists form 62 and 20 per cent. respectively of the total strength, the remaining 18 per cent. representing members of mixed professions. Brahmins form 16, non-Brahmins 60, Christians 2, Muhammadans 20 and Panchamas 2 per cent. respectively of the total strength, while their respective proportions to the district population are 2, 69, 4, 11, and 12 respectively. Excepting Panchamas, other communities have a fair representation in societies.

5. *Working Capital.*—As a whole, as well as under the several items composing it, the actual working capital has been steadily on the increase. The increase in the last two years was comparatively large, being about Rs. 15,000 in 1914-15 and Rs. 18,000 in 1915-16. The highest figure (Rs. 85,312) was reached in 1915-16. It is composed of share capital (Rs. 7,288), loans and deposits from members (Rs. 16,283), loans and deposits from non-members (Rs. 4,428), loans from the Madras Central Urban Bank (Rs. 57,073) and Government loan (Rs. 240) in proportions of 8·54, 19·08, 5·20, 66·90 and 0·28 respectively.

The working capital has been increasing year by year in Cuddapah, Rayachoti and Proddattur, while it is declining in Pullampet and Pulivendala.

Share Capital.—The value of a share in the Nandalur Agricultural society was originally Rs. 5. In 1910-11 it was reduced to Re. 1. Again it was raised to Rs. 5 in 1914-15 but this increase has not been given effect to. The society is practically undergoing voluntary liquidation. In Cuddapah non-agricultural society the value of a share is Rs. 10, Rs. 2 being payable on allotment and the remainder in bi-monthly instalments of annas eight each. Of the remaining 23 societies, six were started in 1915-16 and in all of them the value of a share is Rs. 10 payable in ten annual instalments. In the other seventeen societies the share value as originally fixed is Re. 1. In 1915-16 in ten of these societies the value was raised to Rs. 10: and in the course of the current year this will be done in the remaining societies also.

Reserve Fund. The reserve fund earned up to the end of 1914-15 *viz.*, Rs. 5,346, bears a proportion of 6·26 per cent. to the actual working capital. Of this sum, only Rs. 3,545 are invested in the Madras Central Urban Bank and as much as Rs. 1,801, or about one-third, is still awaiting remittance to that bank. Nine societies have been committing default in this respect for two to three years past. These societies are bad in other respects also. They will receive special attention in the current year. Five of them were visited by me during 1915-16.

In consequence of a change in the method of calculating profit, no society in the district except the Cuddapah non-agricultural society earned any profit in 1915-16. That is the only society in the district contributing Rs. 68 to the Reserve Fund out of the profits of that year.

Loans and deposits from members and non-members come up to Rs. 20,711 which is 24·28 per cent. of the actual working capital. Seventy per cent. of the amount is contributed by the Cuddapah non-agricultural society and 23 per cent. by the Rayachoti agricultural society. The remaining 7 per cent. is contributed by nine societies, six contributing above Rs. 100 and three below that sum, each.

Loans from the Madras Central Urban Bank amounted on 30th June 1915 to Rs. 53,095. Rs. 10,100 were received during the year and Rs. 6,122 were repaid, leaving a balance of Rs. 56,073 on 30th June 1916. Excluding Rs. 4,700 being the loans obtained by societies newly started, the transactions did not involve any increase during the year.

The Cuddapah non-agricultural society gets on without any loan from Madras Central Urban Bank.

Loans from Government. The only society that received a loan from Government is Nandalur. It received Rs. 1,200 in 1905-06, of which Rs. 240 are now outstanding.

Loans to Members. Judged by the numbers and amounts of loans issued the Nandalur society (as has already been noticed elsewhere) is in the course of winding up its business. The Cuddapah non-agricultural society and the two Christian societies in Prodattur have been expanding their business, while those in Rayachoti and Pulivendala are more or less stationary. During the period ending with the year 1914-15, the average transactions per year have been worked out and compared with the corresponding figures for 1915-16. It will be seen that in 1915-16, 285 loans involving Rs. 23,928 were disbursed as against an average of 354 loans and Rs. 32,685 per year during the preceding period. Loans of sums not exceeding Rs. 100 fell from 49 to 46 per cent. Suretyship loans fell from 79 to 62 per cent. There were corresponding increases in loans of sums exceeding Rs. 100 and mortgage loans. Loans for discharge of prior debts rose from 37 to 41 per cent., while loans for productive purposes fell from 55 to 47 per cent. and loans for non-productive purposes rose from 8 to 12 per cent. The preference to loans of sums above Rs. 100 and to mortgage loans is clearly noticeable in this as in other districts : also the increasing use made of loans obtained for discharge of prior debts.

7. *Default by societies in repayment of principal and interest.* During the three years ending with 30th June 1916 the percentages of unpaid balance to demand were 66·58, 41·53, and 32·92, in 1913-14, 1914-15, and 1915-16, respectively, as against the Presidency averages of 19 and 9·8 in the first two of the three years mentioned. Similar percentages under interest were 12·25, 31·18 and 10·38 as against the Presidency averages of 6·1 and 12·2 in the first two of the three years. Though the present state of the balances is far from satisfactory, yet it has to be recognized that there has been an appreciable improvement in these three years, the percentage under principal having fallen from 66·58 in 1913-14, to 32·22 in 1915-16, and that under interest from 12·25 to 10·38.

Taking taluks we find that Cuddapah, Pulivendala and Prodattur committed no default in 1915-16, whether under principal or interest ; and that Royachoti defaulted to the extent of 56·67 under principal and 14·5 under interest, while Nandalur left in arrears as much as 71·18 per cent. under principal and 11·38 under interest. As elsewhere the societies have first to learn to be punctual.

8. *Default by members to societies* has been steadily growing. The highest percentages were reached in 1914-15, when members' overdues to societies under principal and interest amounted to 47·8 and 64·4, per cent. of the demand. During the year ending 30th June 1916, there has been an improvement, though very slight, the percentages falling to 47·2 under principal and 52·3 under interest.

The Cuddapah society is the best with 1·73 and 0·93 per cent. of unpaid balances under principal and interest, while Nandalur is the worst with 67·51 and 70·36 per cent. of unpaid balances under principal and interest. The Pulivendala societies are fair (with 16·29 and 13·08 per cent.) while Rayachoti societies (with 52·32 and 57·76 per cent.) and Prodattur societies (with 22·10 and 66·66) are bad.

Close and constant supervision is urgently called for. The Inspector in charge of this district has charge of the Kadiri taluk (Anantapur district) also, the total number of societies under him being as many as 42. With so wide a jurisdiction and so large a number of societies the Inspector could not give that amount of attention to each society as its present condition demands. The only remedy is to start Supervising Unions and supplement the staff and steps are being taken to do this in the current year.

9. *Suits and Decrees.* Very few suits were filed in the past except from Nandalur society which has a District Munsiff's Court at its head-quarters. During 1915-16, five suits were filed and six decrees obtained, all by Rayachoti societies. On 30th June 1916, eleven decrees were pending execution, 8 from Rayachoti and 3 from Pullampet. The societies are generally averse to going to court, but, if voluntary payment of dues does not improve, the Civil Courts must be resorted to on a much larger scale than at present.

10. *Meetings.* The number of meetings held, panchayat as well as general, were fairly satisfactory all over the district except in Nandalur which once again comes in for censure. In the whole of 1915-16 it held but one panchayat meeting and one general meeting. Even the audit order of 1914-15 was not placed before a general meeting till after the close of 1915-16.

11. *Cost of Management.* With smaller figures in previous years the cost rose to Rs. 35, per society, in the case of agricultural societies, in the year 1915-16, while the cost in the case of non-agricultural society at Cuddapah was Rs. 223. I think remuneration should be pretty liberally sanctioned to secretaries to induce them to interest themselves in the working of their societies. I propose to do this in the current year.

12. *Liquidation.* Six societies have been dissolved so far, one in 1913-14 (No. 901 Eddulayyagari Kottapalle), two in 1914-15 (No. 803

Timmasamudram and No. 873 Bidinemcherla), and three in 1915-16 (789 Peddivedu, 740 Hasanapuram and 787 Peddinenikalva). The liquidation proceedings have been completed in regard to the three societies dissolved in 1913-14 and 1914-15 and in regard to Peddinenikalva; they are in progress in the case of the other two. The Inspector was appointed liquidator in the case of all these societies.

13. *Conferences.* No conferences were held in the district up to 1914-15. In 1915-16, four local conferences were held at four different centres in Rayachoti taluk to which 14 societies were invited. Nine societies responded and 146 members attended. They were lectured to on the principles of co-operation and proper management of societies.

14. *Buildings.* The Nandalur Agricultural Bank, Ltd., purchased a building for Rs. 400 in 1910-11 and spent Rs. 289-12-6 on its improvement in 1912-13. Its present value is estimated at Rs. 420. The building is in a rickety condition.

15. *Introduction of latest model by-laws enbloc.* This was done in ten societies in 1915-16. The six societies started during the year adopted the latest model by-laws. Excluding the non-agricultural society at Cuddapah and the agricultural limited society at Nandalur which does not appear to be susceptible of improvement there are seven more agricultural societies which have yet to adopt the latest model by-laws. They will be moved to do so during the current year.

16. *Supervision Scheme.* The four societies in Pullampet, Proddatur and Cuddapah taluks lie scattered, far away from one another and away from the remaining societies in the district. Those in Rayachoti (18) also are not situated in a compact area but at least they are within a revenue taluk. The three societies in Pulivendala taluk are at some distance from some societies in Rayachoti. A supervising union will be formed at Rayachoti with jurisdiction over the 21 societies in that and Pulivendala taluks. These taluks will be able to contribute Rs. 362 and 46 respectively towards supervision.

17. The societies are in a low state of efficiency. Without close and constant supervision there is no hope of improvement. With the starting of a supervising union and the consequent appointment of a supervisor due endeavours will be made in the current year to better the existing state of things. The President of the Rayachoti agricultural

society, M. R. Ry. Palle Seshacharlu is an energetic gentleman who has already done much to improve his own society and exert his influence for good over neighbouring societies. With him as President of the proposed Union, reasonable hopes may be entertained of some appreciable improvement in the current year.

THE USURY BILL.

At the meeting of the Imperial Legislative Council held at Simla on the 5th of September last, among other legislative business, the Hon. Sir William Vincent, Home Member, asked for leave to introduce the Usury Bill. In doing so he reviewed the history of the attempts at legislation on the subject that had been made from 1855. He said that in 1906 Mr. Justice Mitra of the Calcutta High Court had submitted a note to the Government of India with the concurrence of four of his colleagues, in which he pointed out the inadequacy of the present law to deal with the evil of usury and urged that Civil Courts should be empowered to grant relief in cases of extortionate demands by reducing the interest to a reasonable rate and by re-opening and adjusting account on the basis of such reduced rates. Sir William then mentioned what will be astounding news to most of our readers that the Germans were characterising the absence of usury laws in India as one of the main blots of British administration and were trying to make political capital out of it. But it passes our comprehension that Sir William should think of this German comment as sufficient to constitute a political danger. Among the victims of usury were not only Indians but members of the domiciled Anglo-Indian community and many young European officers. He said the object of the present Bill was to give the courts power as urged by Justice Mitra, in certain instances, to re-open contracts between money-lenders and their debtors and to ascertain exactly what amounts had been advanced and what return was equitably repayable, having regard to the risk and other circumstances of the case. He was confident that the Courts would not abuse the large discretionary powers vested in them and said that no honest money-lender need fear the Bill. The Hon. Dr. Sapru, the eminent lawyer of Allahabad, heartily welcomed the measure. His only regret was that it did not go far enough. He was emphatically of opinion that the doctrine of freedom of contract should not be allowed to pursue its vile career in this matter.

The discussion on the subject was then postponed and resumed at the next meeting of the Council which took place on the 12th of September. It was interesting and informing and many members took part in it. Excepting one or two it had support from all the rest and from the representatives of every province. The majority of the non-official Indian Members being practising lawyers, they could easily mention a number of cases to prove the need for a measure like the present. The Hon. Mr. Krishna Sahay of Behar said that the High Court had decreed an interest of 75 per cent. holding that it could not interfere simply because the rate of interest was high. Mr. Chanda of Assam gave an instance in which a loan of Rs. 18 had grown up in a few years to Rs. 3,000; Mr. B. N. Sarma supported it on behalf of our Presidency and hoped that it would be followed up by another measure to organise the capital of the country. Pandit Madan Mohan Malaviya pointed out that the fixing of a limit to interest was not a new idea in the country and that law-givers like Manu and Vasishta had considered 15 to 24 per cent. as legitimate. He thought that usury was now practised to a larger extent than a century or two ago. He, however, did not think that the object they all had in view would be achieved by the present Bill as it did not say what constituted an excessive demand and the standard in each case was left to be determined according to its circumstances. The root of the evil was poverty of the people and their want of the credit. He wanted the Government to adopt a constructive programme which would help the needy with credit. He advocated for agriculturists and land-holders a system of hypothec banks such as existed in Japan and for the small commercial classes a system of industrial banks. Speaking of co-operative credit he regretted that it had not been developed on any large scale as yet and quoted an article by Sir Daniel Hamilton to show the imperative need for its rapid expansion which was necessary for a new era of prosperity to commence.

The opponents to the Bill were represented by Raja Rampal Singh of the U. P. and Mr. Sitanath Rai of Bengal. The former thought that things were improving and would do so more rapidly as a result of the co-operative movement and the establishment of land banks. The latter thought that the Bill was vague and indefinite and left the creditors in the dark. He wanted them to be enabled to understand and realise their exact position. He thought it was not

proper to legislate on the strength of a few cases of unconscionable bargains picked up here and there. He could cite thousands and thousands of cases in which debtors had taken advantage of every possible flaw and technicality to dishonestly avoid their just obligations. He thought the Bill would make creditors more stubborn in their claims and less lenient to their debtors and feared it would have an adverse effect upon inland trade! But the most wonderful argument he used was that it was a contentious measure which should not be discussed in a time of war and unrest like the present! We wonder how all sense of humour deserted the Hon'ble Rai Bahadur at that moment.

Whether the Bill as it is worded at present is adequate to meet the evil we do not profess to judge. Any deficiencies that exist may be expected to be made up by the select committee. But there can be no two opinions as to the desirability of a measure like the present. Every co-operator of any experience will have come across numerous instances of poor and innocent agriculturists entangled irretrievably in the meshes of unscrupulous money-lenders. Co-operative societies are obliged to exclude many such persons from membership, because under the present law the creditors' contracts hold good however unconscionable they be and even if the debtor should propose to borrow from a co-operative society at its favourable rate of interest and on the easy terms of payment by instalments, he would be unable to repay his loan to the society within the maximum period allowed by the rules. Moreover, it is a fact—regrettable though it be—that most members of co-operative societies borrow from outside money-lenders when they cannot get a loan from the society or when they have borrowed up to the maximum limit fixed by the society. And in course of time they borrow from the society to pay up these out-side loans. The power vested in the Courts to recast accounts on equitable rates and terms will, therefore, help many would-be members and widen the scope of the usefulness of societies. One or two members of the Imperial Council thought that, as co-operative societies were meant to check the evil of usury, no direct legislation like the present was necessary. As we have already said, even members of co-operative societies are obliged to have or are having recourse to outside borrowing. The number of members in all agricultural and non-agricultural societies in India at the end of 1915-16 was only about 8,65,000. Supposing that each member represented a family of four persons, the movement had barely touched one per cent. of the population of the country. Who can say how long it will take to include the whole population in the movement or whether it will at all be possible? Meanwhile should the evil go unremedied?

PROGRESS OF CO-OPERATION IN INDIA.

A GOVERNMENT ORDER

The following G. Order, No. 2244, Revenue, dated 25th July, 1917: passing orders in regard to current and savings bank accounts in central banks and primary societies, has been issued :—

In their recommendation No. 128 the Committee on Co-operation in India deprecated, the opening of current accounts by central banks except in places where banking facilities did not exist and suggested that a low rate of interest, not exceeding 2 per cent. should be paid on such accounts, and that the whole amount so held should be covered by cash or Government paper, irrespective of fluid resources kept to cover other liabilities. In regard to savings accounts, the Committee expressed the opinion that 75 per cent. of the amount so held should be covered by cash or liquid investments, that the maximum accepted on one account should be small, that notice of withdrawal should be required and that they should not be allowed to become current accounts.

2. In the case of primary societies the Committee's recommendations are :—

(1) that current accounts and deposits at call should be prohibited and

(2) that short-term deposits, if made in the form of savings deposits, ought to be encouraged when small sums within strictly marked limits are taken and dealt with on lines similar to those of Post office savings banks.

The Committee have also expressed the opinion that the rate of interest on such deposits might be left to local decision, subject to the control of the Registrar.

3. The Government observe that there is a want of uniformity both among central banks and with primary societies in respect of the

terms and conditions relating to savings deposits and that in some cases the savings deposits are virtually withdrawable at call.

4. It is essential that the rules regulating savings bank account shall be so drawn as to guard against their becoming a danger to the stability of the bank. Savings accounts should ordinarily be for such limited amounts that their sudden withdrawal cannot seriously dislocate the business of a bank, while the rate of interest should be sufficiently low to attract only those who really need such a means of savings. These safeguards appear to have been in some cases lost sight of; under existing rules the maximum amount that may be deposited by a single depositor in such an account is, in some cases, as high as Rs. 50,000, while the whole sum can be withdrawn at short notice or without notice and, in some cases, the rate of interest allowed is as high as $4\frac{1}{2}$ and 5 per cent. per annum.

5. The Government consider that in future the terms on which savings bank deposits are accepted by the Madras Central Urban Bank should be adopted by all central banks, *viz.*, that the maximum amount that can be received in any one year from an individual be fixed at Rs. 1,000 and that the amount to the credit of an account at any time should not exceed Rs. 2,000.

6. The Government also consider that the rate of interest allowed on savings deposits should not exceed $3\frac{1}{8}$ per cent. per annum; the interest being calculated monthly on the lowest credit balance on any date of each month. Central banks should be required to hold 75 per cent. of the sums accepted in savings bank account either in cash or Government paper. These orders shall come into force at once in regard to all new savings bank accounts. As regards existing savings accounts, notice should be given to the depositors that the orders will be applicable from the first of the following month. The discretion allowed to the Registrar in G. O. No. 1151, dated 21st April, 1917, will apply also to savings bank account.

7. As regards current accounts in central banks, the Government direct that the maximum rate of interest be fixed at $2\frac{1}{2}$ per cent. per annum and that 75 per cent. of the total amount on such accounts be held in cash or in Government paper, subject to the discretion allowed to the Registrar in G.O. No. 1151, Revenue, dated

21st April, 1917, to sanction the reduction of the proportion of 75 per cent. in suitable cases.

8. As regards primary societies, the same safeguards should be imposed on them as in the case of central banks, both in respect to current accounts and to savings bank accounts.

Investment of Reserve Funds in War Loan.

The following letter addressed by Mr. M. Shiva Ro, Vice-President of the South Canara Central Co-operative Bank, to the Assistant Registrar of Co-operative Societies, Calicut, has been sent to us for publication :—

I have the honour to acknowledge receipt of the Registrar's Circular R. C. No. 1063 of 1917 sent by you, as well as your letter R. C. 2571 Sup. of 17, dated 13-8-17, forwarding a copy of another Circular of the Registrar, R. D. O. 29 of 1917, on the subject of investment of the spare funds of primary societies in the Indian War Loan. I understand that vernacular translations of the first Circular mentioned above have been sent to the primary societies also.

2. There cannot be any two opinions about the abstract idea as to the desirability of investing spare funds in the War Loan, but the only "spare funds", so to say, at the disposal of the societies, are the reserve funds, and my object in writing to you at present is to invite the attention of the authorities concerned to some of the difficulties which are likely to result from an enforcement of the proposed investment. I have consulted many of the prominent co-operators of the District on the question, and there is practically a unanimity of opinion on the subject that it is wholly inadvisable and inexpedient to introduce an element of compulsion in the matter of such investment. I shall therefore briefly touch some of the main grounds which are urged against the proposed measure.

3. The object of the reserve fund has been defined in the bye-laws of the societies to be "to meet unforeseen losses". The end to be kept in view in investing the reserve should, therefore, be to find out such a method of investment as will not only bring in a maximum return while it is invested, but also make it possible to withdraw with ease a part or the whole of the amount whenever required without any loss resulting therefrom. Considered from both these aspects, the proposal under consideration does not seem to have much to commend it in preference to the present kind of investment. The primary societies of South Kanara at any rate are getting interest at six per cent. per annum on their reserve funds lodged with the Central Bank, and it is doubtful whether from a business point of view we can rightly advice them to invest the reserves in the War Loan at an admittedly lower rate of interest. Then there is the question of necessity that may arise *at any time* of withdrawing part of the reserve fund "to meet unforeseen losses". So long as it is invested in the Central Bank, the societies can be sure not only of getting it back at any time, but also of getting interest thereupon at six per cent. per annum *up to the date of its withdrawal*. Investment in the War Loan stands on a different footing altogether. Even if the form chosen for investment happens to be that of the Post Office Cash Certificates, the societies will not be able to get back the money invested with full interest if it is withdrwan before a period of five years. While, therefore, on the one hand, societies, in case they desire to cash the certificates before the five years term, will get a much lower rate of interest than what they will get from the Central Bank at any time, on the other hand, even if they cash the certificates after five years, the interest that they will be able to get on their reserve funds will never be anything so high as that which the Central Bank allows. As regards the security of investment also, it cannot be said that the Central Bank, which deals mostly with unlimited liability societies is not sufficiently secure.

4. I am aware that the bye-laws of all societies require the reserve fund to be invested "in such manner as the Registrar may direct". The rules framed by Government under S. 43 of the Act direct the reserve fund to be invested in one or more of the modes mentioned in S. 32, sub-section (1) of the Act, while the proposed mode of investment in the War Loan is covered by clause (b) of the sub-section in question. The Registrar has therefore doubtless authority to direct the investment of the reserve in the War Loan, but it would be positively inadvisable at this stage to introduce the innovation inasmuch it is sure to produce as the first of its results an impression that Government are consciously seeking more and more to officialise the movement instead of making it independent

of official control and influence, and that they are trying to lay their hands on the money saved by the societies as a result of their labour. This impression, however ill-founded it may be considered to be, would most assuredly tend to wean popular confidence and result in giving a set-back to the movement. Such an impression would be unfortunate in the extreme, and it would be well to avoid giving room for such unhealthy suspicion. After all, no useful purpose would be served by *compelling* the societies to submit to the proposal. The unstinted support given by all people in the land rich and poor alike by contributing liberally to the diverse War Funds, War Fetes, and the War Loan, is the result of voluntary effort and has not, therefore engendered any dissatisfaction or suspicion. The resort to compulsion is therefore needless. The money to be gained thereby is almost negligible, and one may well ask why any pressure need be exercised at all. The introduction of compulsion in this small matter will only provoke unnecessary discord and opposition in a department of public activities which should be entirely free from such disturbing influence.

5. The present idea of investing the reserve funds in the War Loan seems to have been borrowed from the Central Provinces, but it has to be remembered that the reserve funds in that Province were being always invested in Government paper which brought only a small return by way of interest. The change to the War Loan would in their case be welcomed as it would bring them a higher rate of interest. The societies being accustomed from before to invest their reserves in Government paper, the change would not give rise to any such dissatisfaction as would be surely felt in this Province by the sudden departure from the existing practice. It has to be noted that other provinces have not yet ventured in this direction, evidently on account of the apprehensions referred to already. The best and, I may say, the only prudent course under the circumstances, would therefore be to leave the matter entirely to the free and voluntary choice of the societies themselves.

6. The suggestion that societies might do well in investing their reserves in the War Loan has already been given, and societies might well be trusted to give it all the consideration due to it. What I wish to point out is that even if some societies do not adopt the suggestion, the authorities on their part should not feel disappointed, but should

take it with equanimity. All things considered, it seems to be very inexpedient to force the proposal on the societies in case they do not voluntarily express themselves in favour of it. I need not of course have anticipated the introduction of compulsion in the matter, but the second circular, requesting Central Banks to arrange, for the custody of bonds and certificates, leads one to infer that it is taken for granted that the reserve for 1916-17 as well as the uninvested reserve funds of the previous years will invariably be invested in the War Loan.

7. I shall be much obliged by your placing these views in their proper perspective before the Registrar so that he may drop the idea, if any exists, of hastening the adoption of the proposal from the current year alone. An early reply as to what has been done is also earnestly solicited.

The First Indian Co-operative Printing Press in South Kanara.

Quite a new departure from trodden paths in co-operation has been made in the district of South Kanara by the organisation of a printing press on co-operative lines. Through the kindness of Dewan Bahadur L. D. Swamikannu Pillai, the late Registrar of Co-operative Societies, Madras, and Mr. P. K. Kunhunni Menon, the Assistant Registrar at Calicut, it was registered under the Co-operative Societies Act on the 16th of June 1917, and was started at Udipi by the Chief Inspector of the Calicut section, Mr. C. N. Krishnaswami Aiyar, on the 20th of August 1917. The society resolved to purchase the plant and machinery of an already existing printing concern, The Sadananda Printing Works, Ltd., Udipi, and actually purchased about Rs. 4,000 worth of stock and machinery on the starting day itself. The by-laws of the society have been framed in such a way as to enable the employees of the concern as well as persons of strictly limited means also to join the society, by the creation of a special class of shares of the value Rs. 5 each, in addition to the ordinary class of shares of the value of Rs. 50 each. There is, however, absolutely no difference between the rights or privileges of the two classes of shareholders. Provision has also been made in the bye-laws to enable not only individual persons but even corporate bodies such as other co-operative societies and *registered companies* (—the latter in pursuance of the opinion that seems to have been given by the Advocate-General himself—) to become members of the printing society and hold shares therein. On the starting day itself, 23 individuals and two co-operative societies joined the printing society and subscribed for 64 shares in all. The employees of the Sadananda Works were gathered together and an address was delivered to them announcing the change of ownership and explaining the advantages which would accrue to them from the fact of their new employer being a co-operative society. Great enthusiasm prevailed throughout. The society works under the name of the Sadananda Co-operative Printing Works, Limited, and is not only the first, but up to now also the only co-operative printing press in the whole of India.

A strong Directorate has been formed. The President, Mr. N. Rajagopalkrishna Rau, is an experienced journalist in Kanarese and and was one who had all along been connected with the Sadananda Press. The Manager is a person thoroughly acquainted with all the details of the work of a printing press, and it was to his capacity that the old Sadananda Press owed its reputation for excellence of execution. It is hoped on all these grounds that the new Press will not fail to be patronised and encouraged by the co-operative public throughout the land, so as to make it a unique and thorough success from the very start.

Incessant work has already begun to flow in with rapidity, and it will become a matter of imminent necessity before long to increase the output of the Press by the purchase and installation of additional plant and machinery. Printing is already being done in five languages (English, Kanarese, Sanskrit, Mahratti and Hindi) and it is intended to include Malayalam also. The Press will shortly take over the business of the preparation and supply of all the registers and forms in use in all the societies of South Kanara. As soon as Malayalam printing is arranged for, it will be possible to take over the business of supplying registers and forms to the societies of the adjacent district of Malabar also. Among the other activities of the Press, must be mentioned the fact of the Madras Provincial Co-operative Union having already been addressed upon the subject of issuing a Kanarese edition of the *Madras Bulletin of Co-operation*. If the Union resolves to do so, the Central Bank of South Kanara may hold itself responsible for its conducting while the printing society will see it through the press.

CO-OPERATION IN COIMBATORE.

THE CO-OPERATIVE BUILDING SOCIETY, LTD.

The above society completed its fourth year on the 30th June last and its report on the working during the same period was presented to the shareholders recently and passed. A few facts on the activities of this institution and how it achieves success and how far the public are benefitted by it will be known by a few important facts geven below. As your readers are aware, Coimbatore is every year visited by plague since 1908 and the then Sanitary Commissioner to the Government of Madras, Major Clemesha, I. M. S., now in Government of India after visiting this station, recorded in 1908 that plague will have a permanent hold in this town, and cold weather months will be a very favourable period for the germ to germinate. The other epidemics, such as cholera and small-pox also play havoc along with this dire disease. The town is a most congested one and the relieving of this congestion was taken on hand and as many as twelve schemes for the defferent communities are in progress and this society has already done and is prepared to do substantial work in this direction. The members who propose to build or repair houses within the Municipal limits are granted loans on easy terms and with facilities for repayments in long terms extending to twenty years. The society had on the last day of the year 196 members against 176 at the beginning and owned 321 shares, each share being Rs. 50 not fully paid up, and the paid-up share capital is Rs. 66,705. Including 18 loans issued during the year amounting to Rs. 13,350, as against 12 last year for Rs. 10,450, the society has granted loans about 75 in number of which 51 are for building houses. During the year the society earned a net profit of Rs. 1173-2-10 which it was resolved to disburse as follows :—

To Reserve fund, Rs. 293-4-8; Honorarium to Secretary, Rs. 146-10-4 ; Rs. 504 towards dividend to shareholders at 9 per cent. on the paid-up share capital. The balance will be carried forward to next year. Total Reserve Fund now will amount to Rs. 776-3-5. During the year the members had Rs. 323-14-4 as fixed deposits and non-members Rs. 4,364-3-8. Recurring deposits from members amounted to Rs. 529-0-0, while non-members had Rs. 4,419. It is hoped that, as years advance, the activities of the society will be greatly appreciated.

THE COIMBATORE DISTRICT URBAN BANK, LTD.

The annual general meeting of the members of the above Bank was held recently when the report of the Bank for the twelve months ending 30th June last was passed. The Registrar of Co-operative Credit Societies, in his review of the Director's Report for the previous year, has recorded that the Bank has progressed in all directions and credit is due to the Board of Management for the success achieved. The Secretary (Mr. C. N. Krishnaswami Aiyar, M. A., L. T.) has continued to render valuable service towards the successful working of the Bank. At the end of June last there were 175 members holding 965 shares including fourteen registered societies. The share capital at the end of the year amounted to Rs. 77,520. On the 30th June deposits from members amounted to Rs. 7,415 and from non-members to Rs 3,12,363; besides, the Bank had Rs. 38,300, being the reserve fund of the co-operative societies and Rs. 31,643, as their fixed deposits.

During the year under report the Bank issued to Central Banks at Chengleput, Kistna and other places loans amounting to Rs. 1,52,000. A sum of Rs. 15,040 was issued as loan to members. Free flow of deposits, both fixed and current, and the record payment of loans were responsible for the satisfactory working of the Bank. The number of societies rose from 161 to 214 in all the three districts, *viz.*, Coimbatore, Malabar and the Nilgiris with which the District Bank has dealings. Of this increase 23 were in Malabar and 20 in Coimbatore.

The net profits for the year amounted to Rs. 11,657 against Rs. 10,869 last year. This will be disbursed as follows:—Rs. 2,914 to Reserve Fund, Rs. 1,457 towards honorarium to secretary; a dividend at the rate of 9 per cent. on the paid-up share capital has been declared. The Board of management thanked Rao Bahadur T. S. Balakrishna Iyer, for his kindness in having permitted the use of a portion of his house for accommodating the Bank. The Board expressed their thanks to Dewan Bahadur L. D. Swamikkannu Pillai who was Registrar of Co-operative Credit Societies for six years, and who took continued interest in the affairs of the Bank during all that period.—*The Hindu.*

THE COIMBATORE URBAN BANK AND STORES, LD.

On the 30th June last the above institution completed its twelfth year of working and the report of the Director presented by the energetic Honorary Secretary Mr. K. R. Subbaraya Aiyar, B. A., L. T., and passed at the general meeting of the members, shows the following important details:—

On the last day of the year there were 371 members. They held 371 A class shares of the value of Rs. 5/ per share and 186 B class shares or Rs. 25 liability shares. The society has transactions of two kinds, *viz.*, the first is the trading of all kinds of general Stores and secondly in Banking in which the members are granted loans for all purposes of a legitimate kind on easy terms. In the stores branch during the year things to the value of Rs. 53,000 were sold at the head stores as well as in the three branches to it, in spite of the complete evacuation of the whole town during three months owing to the prevalence of plague. The profits earned during the year in this branch is the highest on record. There were in the books of the Society Rs. 12,741 as deposits on the 30th June 1917. 130 Loans were issued to members during the year as against 113 last year. The net profit for the year amounted to Rs. 1,700, which will be utilised on the recommendation of the Registrar as per bye-laws.

THE AMALAPURAM SUPERVISING UNION.

The following are extracts from the memoranda of the governing body of the Amalapuram Supervising Union issued to its constituent Societies:—

I

To the President—C. C. Society.

After inspecting your society the Union Supervisor has brought to our notice the following defects in your society which we request you to rectify as early as possible.

1. No transactions have taken place in your society during the year 1916. It seems to be due to the indifference of the panchayatdars and members. You are aware that in introducing the Co-operative movement in our midst the object of the Government was to improve the economic condition of the poor agriculturists by inculcating habits of thrift, self-help and mutual assistance. We trust the members will not hereafter neglect in this manner of opportunities for increasing the usefulness of the society.

2. ....

3. Your society has on hand a cash balance of Rs 153-5-6. If there are no applicants for loans the money should be remitted to the central bank towards the loan you have taken from it. By doing so you will be saving in interest due to it. Not more than Rs.50-0-0 should be kept on hand.

4. As the member whose admission number was 8 is dead, please close his account and return his share capital.

5. What is the amount of instalment on your new loan from the Central Bank? You have given large sums as long-term loans to a few individuals. The usefulness of the society will be enhanced if poor people are admitted and loans are given to them.

6. You are requested to be more regular in sending to the Union the monthly statements of receipts and disbursements.

II.

1. There are 7 overdue loans amounting to Rs. 700. It is very regrettable that the President of the Society who ought to set an example to the other members in punctuality, regularity and other virtues, should himself be responsible for Rs. 300 out of the amount. These loans became due at the end of October 1916 and have yet remained uncollected. This state of affairs does not reflect much credit upon the management of the society. It is not at all becoming that the President who is a member of the governing body of the Union, should have allowed these loans to be overdue so long. Please therefore collect them immediately and report to the union.

2. In your cash-book an item of Rs. 5-0-0 has been entered as expenditure incurred by your representative for attending the general meeting of the Union on the 30th of April last. Your President is aware that the Union gives a travelling allowance of Re. 1-0-0 for every member present at its meeting. It should therefore have occurred to him that Rs. 5-0-0 was too high. We, co-operators, who are trustees of the moneys of the societies should be particularly economical in the matter of expenditure. It is hoped that this matter will be rectified early. Please inform us whether the sanction of the panchayat has been obtained for this expenditure.

3. The Union has learnt with pleasure that in other respects the President has been discharging his duty efficiently, that people of all castes are found among the members, that different castes are represented on the panchayat and that it is working very harmoniously. The Union congratulates the panchayat on these satisfactory features.

1......... III.

2. No panchayat or general body meetings are being convened, nor are any transactions taking place. The people of your village will in no way be benefitted by such a society. If the present panchayatdars are not taking sufficient interest in the affairs of the society it is your duty to elect others who will take more interest.

3...............

4. Has the peon whose employment you sanctioned been doing any work? How long has he been in your employ and how long will he continue? Has he been of any use? Please report to us how many loans and of what amounts he has been able to collect.

5. There are 18 overdue loans in your society amounting in all to nearly Rs. 1900. This is very disadvantageous to the society.

If the loans are not easily recoverable you can apply to the Assistant Registrar for issuing decrees against the borrowers. Please do so without further delay.

6. Have you prepared the statement of assets and liabilities? If not, please prepare it at once and report the matter to the Union.

1 and 2............... IV.

3. It seems you refuse to submit to the Union the monthly statement of your receipts and expenditure or to purchase certain account books unless the new loan you have asked for is sanctioned (by the Union). There is no connection between the sanctioning of your loan and the sending in of your monthly statements. The Union will not be in a position to know your transactions up to date unless such statements are sent by you. If in any month there have been no transactions please say so in your statement, but it should nevertheless be sent. The requests of a higher and supervising body are entitled to some respect from the affiliated society.

5. We understand that you have recently ceased to collect recurring deposits. This is a step which is not for the good of the society. It should be your aim to do away as far as possible with outside assistance and obtain all your working capital from your members.

LORD WILLINGDON'S PRESIDENTIAL SPEECH.

The following Presidential Address was delivered by Lord Willingdon in the Bombay Provincial Co-operative Conference held in September last:—

Permit me in the first place to express the great gratification which I feel in being afforded this opportunity of presiding at this important gathering of members of the Bombay Provincial Co-operative Conference. It had been my intention to do so in 1914, but that intention was unhappily frustrated by the outbreak of the war. The war still rages and continues to exact a terrible toil in blood and money from all the combatants, but when we survey its tremendous vicissitudes during the last three years, I think, we in India must recognise with heart-felt gratitude the infinite debt which we owe to the Naval and Military forces of the Empire and the Allies whose sacrifices and valour have enabled us to continue here the work of peace with comparatively so little disturbance. Among these great works of peace I reckon the co-operative credit movement, and I welcome this opportunity of again coming into personal contact with a movement which has already done much and which, I am convinced, holds immense potentialities for the benefit of India.

Progress in the Presidency.

I am sure that you will agree with me that the decision to hold the conference this year in spite of the war was a wise one. In all movements in which large numbers of persons are concerned, working indeed on similar principles and to a common end, but necessarily under a great diversity of conditions, some opportunity for the interchange of views and the communication of experiences is not only desirable but necessary, and it is, I think, especially consonant with the spirit of co-operation, the fundamental idea of which is mutual aid and counsel, that such gatherings should be encouraged.

They bring the co-operative staff and leading co-operators together. They dissipate or prevent misunderstanding. They make co-operators from all parts of the Presidency acquainted with each other, and help them to realise the unity and magnitude of their common cause. They promote a salutary emulation between different districts and societies and finally,—and this is a ground to which I attach special importance,—they enable the Governor and his Government to obtain a direct and immediate acquaintance with all those

gentlemen throughout the Presidency who are actively engaged in promoting the co-operative movement and to learn at first hand of the chief necessities and requirements for its development.

Since the Conference last met there has been, I am gratified to observe, rapid progress in all directions. The total number of societies has increased by 50 per cent. and the number of members and the amount of working capital in almost an exactly equal proportion. In Sind, where the local conditions are not as yet entirely favourable to a rapid rate of expansion, there has nevertheless been progress, and a stage has been reached at which my Government has deemed it expedient to place co-operative work in that Province under the charge of the Registrar and to appoint a special Assistant Registrar.

Two Undesirable Tendencies.

Such rapid and comprehensive development necessarily entails the occurrence of new problems demanding consideration and solution. Among the most pressing are those which have arisen in connection with supervision and audit. Now in these respects, as it appears to me, we have to provide against two divergent and equally undesirable tendencies. If these two important functions were performed entirely by an official agency the obvious consequence would be that the whole movement would tend to crystallize into a Government Department. But co-operation can only flourish in an atmosphere of self-reliance, of private initiative and of personal endeavour. The motive power must be produced from within and no external machinery can replace it. These elements must be preserved intact. On the other hand, credit is a vital matter and the failure of any Co-operative Society whether from slackness, ignorance, imprudence or dishonesty among any of its members, cannot be regarded as an isolated misfortune. It must prove detrimental in a greater or lesser degree to the interests of all other societies which have any point of contact with the defaulter and to the good repute of the cause of co-operation itself. Now, even honesty and solvency are not in themselves sufficient to establish credit. There must be a tangible and concurrent guarantee and this must be provided in some form or other by a supervision and audit through an agency recognised at once as trustworthy and responsible in itself and as my first proposition would indicate to be necessary, having an organic relation with the co-operative idea. To you these considerations must be obvious and familiar, and I recapitulate them merely to indicate that I have some appreciation of and much sympathy with the problems that confront you. I am interested to learn that one of the directions in which you are seeking for a solution of the problem of supervision is in the adoption of the Burma method of guaranteeing unions. It seems to me an experiment full of promise. It fulfils many of the conditions which I have noted as essential to success and I shall watch its progress with great interest and goodwill.

Question of Audit.

The allied and equally important question of audit is at present the subject of a reference to the Government of India whose orders have not yet been received, and you will consequently not expect from me any definite pronouncement at this stage. I can only say that Government recognise that the interests of co-operation are also interests of the administration and that the matter will receive very sympathetic treatment. In particular we appreciate that the cost of a public audit will re-act on the rates of interest, which the societies are in a position to offer and demand, and I can assure you that whatever measures are adopted they will not be adopted precipitately or without due attention to the consequences which they will entail.

Agricultural Co-operation.

I have dealt hitherto with the co-operative movement generally, but there are two or three particular lines of development which I should like to mention specially. As you well know I am particularly interested in the formation of societies for the purchase and sale of agricultural stock and produce, and I am glad to notice that in the last four years substantial advance in this direction has been recorded. I appreciate the magnitude of the difficulties to be confronted by rural associations, which, having little practical business experience, are entering into markets already occupied by keen and competitive private enterprise, and this is especially the case under the present abnormal conditions which accentuate these difficulties. But I have great faith in the soundness of the principle. It has attained, as you know, remarkable success in Denmark and other Western countries, and I venture to predict for it a great future in India and trust that in this Presidency it will show a steady and continuous advance.

Industrial Co-operation.

Then there are two developments of non-agricultural co-operation and in this direction I am glad to see that the Bombay Presidency

occupies an advanced position with which I am much in sympathy. The particular problem of village industries would perhaps be insolvable by any other means. Among mill-hands and others of the labouring classes, the formation of Co-operative Societies may achieve much in ameliorating the conditions of life and allaying industrial unrest. With the increasing political, economic and educational development of this country it is already apparent to many that problems of vast dimensions are above the horizon, and I look to the co-operative principle to help us to anticipate them in future years. The second development to which I have alluded is that of co-operative housing, of which I have seen and heard a good deal, largely in company with Mr. Orr and of which I hope to see a great deal more. I look upon it as one of the most beneficent functions which a co-operative society can undertake, and I cordially wish it every success.

Moral Aspect of the Movement.

I have already detained you too long, but before concluding I should like to convey to you one impression which I formed at a recent visit to the excellent society at Hadapsar. I realized in a more practical manner that I had hitherto done, the potentialities of the co-operative movement in its moral aspect. The tones of conviction in which representatives of nearly every class in the miniature social organism of Hadapsar asserted the advantages that had personally experienced, no less than the statistics laid before me, as to the diminution in crime, immorality and, I may add, the improvement in the general social atmosphere, the evidence that the co-operative spirit was gradually drawing and allaying to itself all the best elements in the rural polity of the village, left a very deep impression on my mind. I have always attached great value to the principle of co-operation as a moral and civic discipline as well as an economic expedient. The fact that moral end economic regeneration cannot proceed far independently among great masses of men is a common place both to the administrator and to the socialigist. But it was profoundly interesting to trace the operation of these ideas in the every day work and life of a small rustic community. I trust to see this spirit year by year extending its beneficent influence through the vast population of India and bringing to many millions of toiling men hope, content, self-respect and prosperity.

Acknowledgment of Services.

In conclusion, I should like to make some general acknowledgment of the services rendered to the cause of co-operation by all, from your Rigistrar, Mr. Ewbank, to the humblest village worker. I desire especially to record my appreciation of the labours of the long and growing list of honorary organizers and of the directors of the Bombay

Central Co-operative Bank, including my friends, the Hon. Sir. Fazulbhoy Currimbhoy and the Hon. Mr. Lallubhai Samaldas. I cannot mention in detail all who have rendered conspicuous service. I am not sure that it would be congenial to the spirit of the co-operative movement that I should attempt to do so. It is the best augury for its success that the task would be impossible.

HIS EXCELLENCY THE GOVERNOR OF BENGAL AMONGST THE VILLAGERS.

On Monday the 16th July last, Lord Ronaldshay visited some of the villages to the north of the city of Dacca. He left his motor at the north corner of the Ramna and walked to the village of Magh Bazar. There he was met by a venerable Mahommedan villager, who was presidentof the panchayat and Chairman of the local village bank. The villagers found a chair for His Excellency and the books of the bank were brought. Lord Ronaldshay made many enquiries about the purposes for which the different villagers took loans and the financial transactions between the village and the Central Bank in Dacca. Lord Ronaldshay also asked from where they obtained their drinking water and he was taken to the village well. He enquired of the President whether he might he permitted to enter his house and see how he lived and His Excellency showed great interest in the villager's family and the uses to which the different articles which went to make up the furniture are put. He graciously accepted the cucumbers and vegetables which the villagers brought for him and a number of the people accompanied him back to his motor car.

His Excellency then motored to a point on the Mymensingh Road, about 5 miles from Dacca, and walked to the interesting village of Manipur, where there lived some families of Manipuries exiled from their own country. They two had a village bank and they belonged also to a Co-operative Dairy Society to which they sold their milk and thus repaid the loans with which their cows were purchased. Lord Ronaldshay questioned them about their history and their family customs and he examined with great interest the specimens of Manipuri cloth which the women were weaving in the hut verandahs. From Manipur His Excellency rode on horseback to the village of Dianada. Here again he asked to be shown the source of the supply of the local drinking water and enquired concerning the the cost of digging wells. He also made enquiries regarding the tenure upon which the raiyats hold their lands and the relations which exist between the landlord and his tenants. The records of the local village Co-operative Credit Society were examined and explained to the Governor and the villagers brought their deposit books to show him. From Dianada Lord Ronaldshay rode back to the Mymensingh Road and motored thence to Government House.

The Bengalee.

A CORRECTION.

On page 75 line 14 of our August number please read "156 Committee meetings" instead of "96 committee meetings."

THE
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NOTES AND NEWS.

Honorary Assistant Registrars.

The following Government Order was issued in the early part of this month:

The Government propose to appoint a limited number of non-official gentlemen as Honorary Assistant Registrars of Co-operative Societies, as an experimental measure. Gentlemen accepting such appointment will be required, before they are given powers as Assistant Registrars, to undergo a course of preliminary training in co-operative work in the office of an Assistant Registrar or the Registrar for a month or six weeks and to accompany an Assistant Registrar on tour for three or four months doing such work as may be assigned to them by the Registrar or Assistant Registrars. The exact period of the probation will be left to the discretion of the Registrar in each case. The Registrar should submit proposals in sufficient time before the close of the probationary period in each case defining the duties to be discharged by each Honorary Assistant Registrar and the jurisdiction to be assigned to him. The Government do not at present propose to sanction the grant of any travelling expenses to the probationers nor do they propose to sanction any establishment for Honorary Assistant Registrars.

A few facts which elucidate and supplement the G. O. may be mentioned here. The idea of appointing Honorary Assistant Registrars was first mooted in the Third Coimbatore Circle Co-operative Conference held at Mangalore in 1915. A couple of articles or so on the subject appeared in this journal and a paper was contributed to the last Provincial Co-operative Conference by Mr. K. S. Srinivasan, B.A., B.L., late Manager of the Registrar's Office. Beyond this there was not much discussion, such as a subject of its importance would merit. Meanwhile the Registrar and the Government were considering it. We understand that it is proposed to limit the jurisdiction of the

Honorary Assistant Registars to that of a taluq or about 50 societies so that he may easily visit every society at least about twice in the year. They are to discharge all the functions now left to the paid Assistant Registrars. Practising Vakils and others who in their ordinary avocations come in contact with the ryots are not considered desirable for the appointment as it may lead to the exercise of undue influence. The paid Assistant Registrars are to recommend the names of suitable men from within their areas. So far only three names have been recommended and all by one Assistant Registrar who apparently takes a special interest in the scheme.

Times out of number have authoritative declarations been made that the co-operative movement in India as elsewhere is intended to be purely non-official, one of the people for the people, and that the Government's present intimate connection with it is due to public spirit not having sufficiently developed in the country and that as soon as the people are capable of looking after the movement, the Government will withdraw, reserving only such control as is exercised over joint stock companies and other institutions where the interests of many people are concerned. This attitude is accepted by the people with gratitude and the appointment of Honorary Assistant Registrars is therefore welcome as a step in the right direction. But the scheme is marred by illiberality in what to the Government must be a very small matter indeed. The would-be Honorary Assistant Registrars are required to undergo training at their own expense and it is not proposed to give them any establishment even after appointment. No wonder that almost all the leading newspapers of the Presidency have criticised the G. O. for this draw back. We fully agree with the *Madras Times* in the following remarks :—

"It is evident that the Honorary Registrars are to do their work entirely as a labour of love, and may expect perhaps to be out of pocket over the business. Co-operation, however, is a good cause ; and public-spirited men, with time at their disposal and a little superfluous money in their purses, will perhaps be willing to take up the honorary service for the good of the many. But as Assistant Registrars they will be under direction, and it would be a good deal to expect that a man should bear his own expenses in carrying out another man's orders."

We also wish the Government had taken the non-official co-operators more into confidence and taken their opinions as to how

best to give effect to the scheme. It is, however, not too late and we invite our readers to send us their suggestions.

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His Excellency among Co-operators.

We are glad that the excellent example set by Lord Carmichael and followed by Lord Ronaldshay of visiting co-operative societies in rural areas, is not lost on our Presidency. Elsewhere in this issue we have published a short account, furnished to us by Mr. M. Ananta Rao, Secretary of the South Canara Central Co-operative Bank, Ltd., of the visit of His Excellency Lord Pentland to the village of Farangipet near Mangalore, during his recent visit to the West Coast. A co-operative society was started there in May 1915, the membership of which has already grown to nearly 170, of whom nearly 50 are Moplas and 40 are Christians. It is working very satisfactorily as may be inferred by the entire demand of about Rs. 6,200 being collected during the year and there being no overdue loan. The establishment of the society has infused healthy public spirit in the village as a result of which several good movements are started. Among them may be mentioned the settlement of disputes by arbitration, the starting of a small reading-room, the putting up of a street and the starting of an Elementary School. This last was started in March last with only 9 students, but by the end of September the number on the rolls had grown to 91, of whom as many as 27 were Moplas, though there is a separate school for them in the village. The monthly income by fees and subscriptions amounts only to Rs. 21, while the expenditure is about Rs. 80. The deficit is being met by the panchayatdars of the society and one or two other members. An attempt is being made by the members of the society to give the school a permanent habitation for which a portion of the net profit of the society is proposed to be devoted for some years. This is the first co-operative school in the district, but we earnestly hope that others will follow suit. We congratulate the members on their public spirit.

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A Guano Society.

We commend the excellent example of Mr. M. Shiva Rao of Puttur, S. Canara, both in regard to the study of co-operative problems and practical zeal in organising societies to other non-official co-operators in the Presidency. A district which but a few years ago was one of the most backward if not the most backward in co-operative matters, has now come to occupy a leading position and all that mainly due to Mr. Shiva Rao's labours. During the last year or two he has struck out new paths in several directions and one such was the society recently organised by him for the benefit of the guano factory owners of the fishermen caste. The guano industry which concerns itself with the production of fish-manure owes its existence to the beneficent exertions of the Fisheries Department and particularly to the enthusiasm of Mr. Govindan, the Assistant Director of Fisheries. There are in the Mangalore taluk alone no less than 25 such factories owned by fishermen in addition to many owned by Moplas and others. These factories have greatly added to the financial resources of the people concerned in the industry. They are just now in difficulties like others owing to the war, but their future prospect is bright as it has recently been discovered that fish oil could be utilised with greater economy for giving a finish to jute products. Moreover, with the spread of more agricultural knowledge and co-operation fish-manure is bound to be increasingly in great demand. Mr. Shiva Rao keenly regrets the lack of co-operation existing between the Department of Fisheries and that of Agriculture and appeals to the latter to do its best to popularise fish-manure.

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A Review.

We are indebted to Messrs. Thacker, Spink & Co., for a copy of the second edition of the "Co-operative movement in India," by Mr. Panchanandas Mukherji, M.A., Professor of Economics, Presidency College, Calcutta, and Assistant Editor of our ably conducted contemporary, the *Bengal Co-operative Journal*. We owe an apology to the publishers for being so late in reviewing the book. It is a welcome addition to the meagre literature on the subject of co-operation in India. As pointed out by Mr. Rai Bahadur J. M. Maitra, till recently Registrar of Co-operative Societies in Bengal, "The book contains an up-to-date and as comprehensive an account as possible of the Co-operative movement in India." It is primarily intended for the use of the University students and for that purpose it is eminently suited. The author has devoted separate chapters to all the main types of societies that are to be found in India and Burma and has given typical by-laws for each kind. The book also contains the Co-operative Societies Act of 1912 with a valuable commentary. In a brief chapter the author has attempted to give an idea of the spread of co-operation in foreign countries but we wish the treatment had been better and more adequate. The account of the Oxford University Co-operative Society contained in the second chapter of the book will be read with special interest by the students of our Universities. The main defect of the book is that comparatively little is written by the author himself. Nearly half of the book is occupied by the by-laws of different types of Societies, the Act, and the Appendices. Besides these, copious extracts from various sources are given in the body of the book itself. But what is really objectionable is that whole paragraphs and sometimes pages should be reproduced from books like Nicholson's Report and from some pamphlets without any acknowledgment whatever. Though a compilation it is nevertheless a very useful publication and will be found invaluable as an easy book of reference. We strongly recommend it to all students of co-operation and to every non-agricultural society in our Presidency. The book which has about 450 pages is priced Rs. 4/8 which is rather high even for war time.

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The Housing Problem.

Mr. G. A. Chandawarkar of the Nizam's Educational Service has written in the July number of the *Mysore Economic Journal* an article on the Problems of Indian Cities. The major portion of the article is naturally devoted to a consideration of the housing question and the relief of congestion. He appeals to the Government and rich people alike to build houses for the benefit of the poor and the lower middle class to be let out to them for reasonable rent no doubt, but more from philanthropic than commercial motives. He urges that the open plots which exist in the vicinity and within the limits of the majority of our cities, should be utilised for the purpose. He points out that during the prevalence of epidemics the Government spends a lot of money for providing huts to the poor. "With half the money spent in erecting temporary huts *pucca* buildings or "*poor wards*" can be constructed. 'A ward of 100 houses for the poor might cost on an average Rs. 30,000, and calculating interest at 3 per cent. per annum, every such ward must yield Rs. 75 per month. Every house therefore can be charged a rent of Re. 1 per month which would bring in Rs. 100 per mensem and of these Rs. 20 might be set apart for the maintenance of these wards.' Even if this rent were doubled it would still be within the reach of the poor and in anterest of 5 per cent. could be recovered on the outlay. He frankly leaves out of consideration the recovery of the principal.

With regard to the middle class he is of the opinion that the Government should construct model houses in a healthy part outside the city if possible, primarily for the benefit of its servants getting a salary of between Rs. 60 and Rs. 100, at a cost of about Rs. 3,000 to be let out for a rent of from Rs. 8 to Rs. 12.

He also suggests the formation in each Province of an Urban House-building Co-operative Association "whose main duty will be to build and maintain the houses and exercise general supervision on these matters. It will work under the supervision of the Registrar of Co-operative Societies and maintain a highly qualified Sanitary Engineer and a Medical Officer for purposes of these wards and their sanitary needs." Half the capital of such an association is to come, according to him, from the people and the other half from the State.

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In the August number of this journal we drew the attention of our readers to the remarkable development of co-operation that has taken place in Russia during the war. We learn that a similar result is observed in England though not to the same extent. The need for national economy and the interruption of overseas trade have compelled the British people to pay more attention to agriculture than in times of peace, while the scarcity of labour, transport difficulties and the abnormal high prices have led to a further appreciation of co-operative methods in the purchase and sale of articles. The year 1915-16 was therefore one of all round progress for the Agricultural Organisation Society in England and Wales. Perhaps the most useful work done by it during the year was in connection with the supply of agricutural produce to the army. The different units were left to purchase their own supplies of fruit and vegetables with the result that there was keen competition among them and prices rose while the quality of the articles remained indifferent. To remedy this state of things the authorities of a Division stationed at Bedford sought the assistance of the Agricultural Organisation Society whose expert in fruit and market garden produce was placed at the disposal of the military authorities as adviser. "The result was a rapid improvement in the quality of the supply, an economy to the military authorities, better prices for the producers who profited by the elemination of the middle man and cheaper fruit and vegetables for the civilian population, since general prices fell with army prices". The system was therefore gradually extended to other camps. Now a central purchasing body has been formed which is affiliated to the A. O. S. and which has for its Secretary and Manager, the latter's late expert in fruit and market garden produce. It distributes no profits, but charges a commission to cover management expenses and returns any surplus funds to the War Office.

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Mr. P. Ramachandra Sastri of Conjeevaram, writes to us:

I request you to please publish as an item of news that the Assistant Registrar of Co-operative Societies, Chingleput Section, held a Conference at Conjeevaram of Inspectors and Supervisors on the 16th, 17th, and 18th October 1917. The following subjects were published for consideration :—

1. Method of remitting dues to the Madras Central Urban Bank. In the case of remittances made directly by Union Societies, Union must keep itself informed and embody information in the monthly D. C. B. form of intimation to be given to Unions.
2. Remittance charges. What is the existing rate ?
3. T. A. for governing body and general body. Existing practice and what should it be ?
4. Diary of Supervisors and of Inspectors.
5. D. C. B. for the current year, method of preparation and form of intimation to Assistant-Registrar regarding monthly collections. What about non-union societies ?
6. Affiliation of non-union societies. Any union to be started ?
7. Any alterations in the circle charges ?
8. Places suitable for Assistant-Registrar's camping for holding group meetings—*vide* Circular of the Assistant Registrar dated 3-11-17.

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Dr. John Mathai, a distinguished graduate of our university and the author of a valuable book on "Village Administration in India," recently delivered a lecture on co-operation in India before the Indian National Association under the presidency of Sir Murray Hammick The subject, the lecturer and the president all make the lecture specially interesting to the people of this Presidency. Summing up the result obtained in the short period of twelve years, Dr. Mathai laid stress upon the reduction of interest compared with the charges of money-lenders—on the improved aspects of villages, the prevention of extravagance, the impetus to education—a share of the profits being set aside for schools, and the bringing back of the old communal life of the village kept together in a strong bond. A strong local consciousness was developing, and it was in the sphere of local government that the people of India would get the experience necessary for political self-Government. Sir Murray Hammick, who keenly appreciated the lecture, thought that the secret of self-Government would be solved by beginning at the bottom and making the village self-governing. In giving some personal experiences of the progress of the movement in Madras, Sir Murray said it was founded on really sound principles, and praised the excellent work done by Indians as Registrars. Sir James Wilson warmly supported Sir Murray's tribute to the lecturer, foreshadowed the possibility of borrowing at 6 or 7 per cent. through the co-operative movement, declared that local village self-Government was full of promise, and hoped that more Indians would take up the study of economics.

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We draw the attention of our readers to an account of the Hadapsar Co-operative Credit Society published elsewhere in this number. It represents the high water-mark of rural co-operation in the Western Presidency, so much so that His Excellency Lord Willingdon thought it worth his while to preside over its last Annual General Meeting. The society is situated in a village about seven miles from Poona and owes its development to the labours of Mr. G.K. Devadhar, M. A., of the Servants of India Society. We note with particular pleasure the general enlightment that has followed in the wake of the society.

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Germany which in area and population is only one and a half times larger than this Presidency, had in January 1915 more than 36,000 primary societies, of which nearly 20,000 were credit societies, over 4,500 were producers' societies, nearly 3,200 rural purchase societies, over 2,400 those of consumers, a nearly equal number were labour societies and over 1,500 were societies for letting dwellings. Eighty-seven per cent. of credit societies and sixty-five per cent. of rural purchase societies were based on unlimited liability.

HONORARY ASSISTANT REGISTRARS.*

[BY M. R. RY. C. N. KRISHNASWAMI AYYAR
AVL., M.A., L.T., COIMBATORE.]

The recent G. O. touching Honorary Assistant Registrars is 'of a strange nature' and therefore deserves some notice at the hands of co-operators. Its importance lies in the angle of vision discovered by the Government hereby in respect of the grand principle of self-help-in-relation-to-co-operation.

As *the* person perhaps who was responsible for the idea, the writer may be permitted to begin with the beginning and briefly show how the present stage has been reached.

It was sometime after the third Assistant Registrar was entertained that the Government of Madras or rather the Revenue Board, began to harp upon the increased and increasing cost of the co-operative machinery, especially the Inspecting Agency, which, in those days, had been put down at the rate of *one Inspector for every twenty-five Societies*, and frequently expressed themselves strongly against increasing the cost of the Departmental Agency, on the most intelligible ground of self-help. For co-operation is *of* the people and *for* the people and, to be sure, must be managed *by* them, the business of the Government consisting mainly of occasional *prescribing* or *proscribing*. As this idea gathered strength, the Registrar was called upon to suggest methods to carry it out and the famous audit fee scheme, on the precious basis of taxation-absolutely-without-representation was evolved and preached—with what result, we need not pause to enquire now. Later on of course we fared better and the system of local Unions, of District Unions, and Supervision Fund to run them, were evolved, and these, for anything that one can tell, seem to move on right lines and may therefore be tried on larger scales and with far better hopes.

It was thus while the Government were on the one hand getting nervous about increase in the cost of running their Co-operative Agency, and at the same time increasing the staff of Assistant Registrars on the other, each of whom was to be a Deputy Collector of standing and therefore a costly commodity, that some among non-official co-operators, who as on-lookers saw more of the game, began to confer and it fell to the writer's humble lot among others to formulate it and give public expression to it on more than one occasion.

*Ed. :—The article is written in the author's characteristic style, but his enthusiasm for co-operation and services in the cause are so well-known that we do not fear any misapprehension.

The idea is simply this. Taking the present staff of Assistant Registrars, one easily finds that they cost roughly about Rs. 60,000 a year. This, divided among 25 districts, gives Rs. 2,400 per district, which means Rs. 200 per month. This is felt by some of us just what is needed to keep up an Honorary Assistant Registrar for a district on the average. Rs. 150 may be paid as consolidated travelling and other allowances, and Rs. 50 per month for establishment and contingency. The person chosen may be expected to tour not less than 15 days per month. If this were done, the cry of the Revenue Board for economy will be effectively met, for while the cost is not going to increase on account of an ever increasing legion of Assistant Registrars, the inspecting agency will not also increase very much, because Union Supervisors are bound to supplant them in most matters. And so, whatever the motive that led the Revenue Board when they first raised the point, all seems well that ends well.

The chief difficulty pointed out so far, is the dearth of men willing to serve on these terms. To some extent this is no doubt true. But it is not necessary that all the districts of the Presidency should receive the same kind of treatment and that all at once. If we begin where the 'human material' is ready to hand, there is sure to be addition made to the number, as we move forward and in due course. There need be no *regular* qualifications insisted on, at all events now and at start. Retired officials, Secretaries of Central Banks, Mirasidars with 'cultured ease,' all may be drawn upon as occasion offers, and with a few months' training at the chief centres, must do quite well for the purpose. Secretaries of Central Banks are specially valuable, because, as things now stand, the financing agencies and organising agencies, move in separate orbits practically and wrong situations arise very often in consequence. If the functions should unite, they will become complementary, as they should be.

These ideas were briefly put to the Committee on Co-operation for consideration, but their report shows no trace of their having been considered at all. And those who have read their Report with care, do not marvel, because their one cardinal object seems to make Co-operation in India one stupendous pyramid of state concern, state-controlled and state-directed. Registrars, for instance, are to be the pick of the 'Heaven born' class, as well as Assistant Registrars, and the state to find any amount of money to keep them up in comfort, 'exodus to Hill stations' not excepted! Beyond obeying the rank and file of this official hierarchy and dancing (in respect of Primary societies) to their piping, the non-official has no place in their scheme. It is hardly strange therefore that the Report has ignored the suggestion altogether.

Few of us expected the question to reopen anywhere after the publication of the Report, and its acceptance by almost everybody as the gospel of Co-operation. But it seems all the same to have been burrowing under-ground somewhere and at the beginning of last year the Registrar was heard to say that the question was being reconsidered by the Government and, in April, at a Conference of the official and non-official 'Noteables' held at Madras, it formed one of the subjects brought up for consideration. The way however in which it was handled by some of the officials present then, was however simply 'atrocious', though the blame belong more to the angle of vision which had by habit become theirs, than to any 'motive' of their own. After some of the Assistant Registrars present had exercised a good deal of wit and humour at the expense of persons in imaginary situations, the Conference solemnly recorded that "the scheme of Honorary Assistant Registrars was explained to the audience!"

Accordingly it might once more have been expected that the subject would in the usual course have been 'lodged' or 'safely stowed.' Once more, however, some perturbed spirit or old mole seems to have kept burrowing somewhere underneath and behold, as a result thereof, we have the famous G. O. under reference which the co-operative public are called on to mark, digest and carry out!

Men qualified to act as Assistant Registrars are hereby required to come forward and 'apply' to the authorities concerned, and, when the selection is made, to serve after a course of training necessary. Both during and after the training they are to behave like the touring members of the Pickwickian Club-pay their own way and not expect to be 'hanged at the state's charge'. After the training is over, they are to behave better or worse than the Pickwickians, by going in for their own establishment and meeting their own contingencies!!

It almost takes one's breath away to read this precious production, and so many have asked themselves what exactly it means. The answer however is simple. It *only means* that the G. O. is an attempt to reconcile two different angles of vision—that of the Committee counselling *official perfection* and of the Revenue Board to make the movement '*of the people.*' The result is bound to prove clumsy, as it has done.

Let us try to consider what the scheme suggested really means. To many of us who have thought about the subject, it looks as the worst bit of insult to self-respecting people, offered by the Government and without cause. If the refusal to meet the travelling and other charges, were merely a question of expenditure, we may let it alone as a subject of minor importance. But to accord one treatment to '*official*' Assistant Registrars, merely because they are in Public Service (by merit raised to that eminence,) and to offer such a 'magnificent piece of meanness' to those who offer to do the same work and in the same situation, because forsooth they are not in service,—well, one hardly knows what to call it. The non-official Pariahs are evidently expected to be eager to perform *Tulâbhâram,* each after his manner, to be declared qualified to enter some charmed circle! Needless to say that no self-respecting man will care to take it seriously, and, if the response is feeble, as we have good reason to fear it will be, the Government must know whom to thank for it.

It is in these circumstances that the Hon'ble Rao Bahadur V. K. Ramanujachariar has kindly put a question or two, and the public await the answer of the Government. If that answer should be of the right sort, and the proper non-official element is drawn to the work, co-operation will surely 'fatten' in many unknown ways and bless all the parties concerned. If however the Government says 'no' co-operation will keep marking time indefinitely. Let us therefore await the pronouncement in peace meanwhile.

CO-OPERATIVE ORGANIZATION OF THE MILK SUPPLY OF CITIES FROM OUTSIDE VILLAGES.*

[BY DR. HAROLD H. MANN.]

During the last few years a very great deal of information has been gathered as to the milk supply of cities in various parts of the country and more particularly in Western India, and from these enquiries several conclusions which are absolutely of general character can be drawn, In the first place, the supply of milk to Indian cities is almost universally very dear and also very inferior in quality. In the second it is usually, if not always, very deficient. In most cases, while a large proportion of the milk is produced in the city itself by professional *gaolis,* a considerable amount—sometimes the largest amount—is brought in from outside villages daily, the attraction being the very high price which is obtainable in the city.

* A paper read at the last Bombay Provincial Co-operative Conference.

Such outside supply is limited in almost every case to the distance which it is possible to bring in it daily by hand. In inquiries made in Poona in 1912 it was found that at that city 21 per cent. of the outside milk came from sources within three miles of the city, 69·3 per cent. from those within six miles of the town, while 97·8 per cent. came from places less than nine miles away. Whatever came from a greater distance than this was brought in by train. I presume that something similar to this prevails elsewhere. There is absolutely no organization of the supply. Nearly all is brought in by hand and at first sight the matter seems eminently one in which co-operative organization can come in at least to arrange, either on behalf of the producers or the consumers, for the conveyance of the milk by a cheaper, safer and cleaner method to the consumers in the city. If this could be managed it would mean the improvement of the quality of the city milk, and would bring it to the doors of the people at a cheaper rate.

Beyond the area from which milk can be taken to the cities in this manner, milk is usually very cheap. I have been investigating during the present year the price at which milk could be obtained at a depôt we proposed to establish at two milk-producing centres respectively twelve and fifteen miles from Poona. From these places now no milk goes to Poona at all, except in the form of its products—*ghee* and *khava.* The differences in price of *pure* milk at these centres and in Poona are given below. The price at the villages in question included the delivery to the depôt—only pure milk being taken.

	August to February. Lbs. per Rupee.	March to July. Lbs. per Rupee.
Price at villages 12 to 16 miles from Poona ...	18	16
Wholesale price offered in Poona for such milk delivered ...	14	12
Retail price for pure milk in Poona ...	8	8

We, have, therefore, two possible outside sources of milk for cities. The first is from the villages within eight or nine miles from the city, and this is already utilized, but utilized uneconomically. The second is from sources further away and is at present practically not utilized at all. We have in fact to consider the possibility of the more effective exploitation of these two sources of milk to increase the supply available for inhabitants of the towns.

Here I may say that all my inquiries seem to indicate that the difficulty in organizing milk supply from outside sources is the almost universal practice of adulterating the milk brought into the city from outside. In our inquiries in Poona over 80 per cent. of the milk brought in from outside was mixed with water to a flagrant extent. In a recent inquiry as to the milk sent from a particular village near Poona and intercepted on the way, all was found to be mixed with water to a serious extent before reaching the city. I will speak later of the way in which this problem should be dealt with.

Reserving therefore for the moment the question of the purity and sanitary character of the milk, let us see how far we have experience of the application of co-operation to dealing with the question of organizing the supply of village milk in the towns. There are, according to information supplied by the Registrar, nine co-operative dairy societies in the Bombay Presidency. Of these most are societies for the use and benefit of city *gaolis* rather than societies for collecting milk from villages and taking it to the city. The only examples in which the society definitely organizes a village supply for a town are those at Alibag and Kothrud. The Alibag society is small, but its success certainly shows what could be done in this direction. The Kothrud society is as yet in too early a stage for examining as to what it is capable of doing.

But all the evidence here and elsewhere seems to indicate that the organization of a milk supply from the village producers for delivery to the consumers is a matter in which co-operation can take a considerable. part. In one matter I want to suggest a warning. Such a society must either be a consumers' or a producers' society; it cannot be both. It must work wholly in the interests of one class or the other: otherwise there will be clashing in the work, and the society will cease to command the confidence of either section of its members. It is this fact which has brought about much of the difficulty in running co-operative dairy societies in the past.

The type of society which would seem to be adapted to help in solving the problem of getting milk to cities in the cheapest and best form, is a purely collecting society. It would have nothing to do with production, would purchase, for cash, milk which is brought to a village depôt and which is not *seriously* adulterated as tested in every case by lactometer and at intervals by a fat tester, and would arrange for distribution in the city. Whether this is done on behalf of the village producers or on behalf of the town consumers is perhaps of little importance. Which would work best would probably depend on each particular case, though the organization of milk producers would probably be the simplest and most effective in the majority of instances. In the latter case it may or may not be wise to arrange the actual final distribution to the retail customers in the first instance.

In any case I want to insist that, so far as milk supply from villages is concerned, the first co-operative movement should be as organizer of the collection and conveyance of milk to the customers, be they wholesale or retail, in the city. The milk should be taken from the people in their villages and carried to the city. Milk carts can collect milk and bring it to a town centre. I am quite confident that this would be a legitimate and effective field of co-operative activity and I would go further and state that I think experience indicates that distribution is at present the one aspect of the milk problem that co-operation can tackle effectively.

It might be asked then whether I would entirely abandon the idea of a co-operative society acting as a means of improving the quality of the milk obtainable in a city. Beyond what is necessary to secure the business interest of the society, I may definitely say that I *would* abandon it. A co-operative milk supplying society is a business concern. It will take just as much care as its business requires to secure milk of the quality needed. It cannot without prejudice to its existence as a co-operative society act as a sanitary authority. The sanitary authority is the municipality and it must not be expected that a co-operative society should do more in that direction than its business interests require. Of course as time goes on, the business value of selling high quality milk would, I feel sure, appeal more and more to the members, but then it becomes a business measure pure and simple.

So far I have dealt with organizing the supply of milk from villages which are already near enough to the town to send it there at present, though by uneconomical and unsatisfactory methods. To supply adequately the needs of towns, I am confident that milk will in future have to be drawn from wider areas, from which no milk whatever is now obtained. This matter is being realized in many places. Bombay is now or has been during the past year supplied from Gujarat and from Kirkee, not to speak of the G. I. P. stations to Kalyan and the B. B. & C. I. stations to Virar, by railway. Lonavla gets a daily supply by rail from Talegaon; Poona even gets a limited quantity by rail every day. But no definite effort has been made to organize such supply in the past.

We are at present investigating matters in the case of Poona with the idea of finding out how far its supply from greater distances can be organized both by road and rail. What will be the result I can hardly say at present. But I hope that something will be done before the Co-operative Conference meets next year and that I shall be able to present a note on the subject there. If successful it would seem to be a matter eminently suited to the application of co-operative methods.

In the meantime, I want to insist that experience indicates that the one field of co-operative activity which seems at present to give almost a certainty of success, is the organization of the collection of milk from village producers and distribution in the towns. Whether done on behalf of the village producers or of the town consumers it seems to have every prospect of success, though it cannot be done on behalf of both producers and consumers at the same time. I commend to you this as a field of co-operative development which offers every chance of success and avoids the dangers which have made co-operative milk and dairy societies so difficult to carry on in the past.

PROGRESS OF CO-OPERATION IN INDIA

A PAPER ON CO-OPERATION.*

[BY MR. F. R. HEMINGWAY, I. C. S., REGISTRAR OF CO-OPERATIVE SOCIETIES, MADRAS].

The attention of many people has been directed to the growth of co-operation in recent years. As we all know, there has been a great development of co-operative credit in this Presidency and throughout India, in the course of the last ten years. In European countries, co-operation has been found allied with agriculture in many different forms other than the production of credit, and the desire has been widely felt and widely expressed, that similar activities should be inaugurated in India. It has occurred to me, and Mr. Stuart and the Secretary of your association have agreed with me, that it may be interesting and helpful to consider what precisely has been done for agriculture by co-operative methods in England and in Ireland. It will be interesting to speculate whether similar activities can or cannot be undertaken in this country with advantage. It does not, of course, necessarily follow that what has been done elsewhere can be copied forthwith and exactly in India. The conditions of one country differ from those of another and human nature presents similar differences. But it is, at any rate, highly probable that some day after the necessary study and the necessary modification, enterprises will be possible in India, analogous to most of those in which we find co-operation and agriculture allied in other countries. And, in any case, 'Building castles in the air' is often a profitable as well as an interesting employment. I ought to preface, however, that these notes are the reproduction of general impressions and do not pretend to exact accuracy.

The credit side of co-operation does not, at present, bulk very large in England or in Ireland. No doubt in the early days of Irish co-operation, Sir Horace Plunkett's Credit Banks did most important work. But now-a-days other branches of co-operation have largely eclipsed the credit work even in Ireland. In England co-operative credit among farmers seems hardly to exist at all. In the first place, credit is much easier to get in England and in Ireland than in India owing to the wide development of the Joint Stock Banks, and hence the need for co-operative credit is not so great. In the second place, the Englishman has a great dislike to inquisitive enquiries into his own affairs; and, for purposes of co-operative credit, it is absolutely necessary to make searching enquiries into the conditions and circumstances of the applicant for loans. And lastly, as far as Ireland is concerned, the Law under which the original Co-operative

* Reprinted from the August number of the Journal of the Madras Agricultural Students' Union.

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Credit Societies' work forbids any form of trade. And the interest of co-operators in Ireland seems now to be mainly devoted to co-operative buying and selling. These forms of co-operation are more continuously nteresting, as well as, far more profitable than co-operative banking and so naturally tend to be also far better managed.

After all, most of the profits of rich men in this world have been made out of wise buying and wise selling. It is just as well to remember, at the same time, that most of the serious losses and financial disasters in this world have resulted from unwise buying and unwise selling. But, still, it appears true that with reasonable skill, honesty and foresight, considerable profits can be made by farmers, by joint buying and selling, as well as under certain conditions, by the joint treatment of their raw produce so as to produce a finished marketable article. I propose to describe briefly in turn each kind of such activity that is found among farmers in England and in Ireland. Types of Society differ and a good many societies undertake more than one kind of activity. Indeed, the opinion seems to be held by not a few co-operators, that the ideal Society is one for general purposes which undertakes every conceivable activity, including credit, and in which joint action will be for the benefit of its members. But for purposes of clearness it is better to take the activities one by one.

We might first consider joint-purchases societies. These seem to take two main forms, namely, the General Store and the Society for joint purchases of agricultural requirements. The General Store is very common in Ireland. Farmers in England have not found the same necessity to create general co-operative stores owing to the development of such institutions throughout the country by the co-operative whole-sale society which is mainly industrial and not agricultural in nature and origin. The Industrial co-operative movements had, however, made very little progress in Ireland outside the big towns when the Irish Agricultural Organisation Society commenced its work, and the ordinary Irish farmer in the villages was very much at the mercy of the small retail trader, or as he is called in Ireland, the *Gombeen* man: The *Gombeen* man frequently brought the farmer's produce, besides supplying him with his requirements; and it seems to be generally agreed, he cheated him abominably over both transactions. The articles supplied were often of a bad quality, the prices charged were exorbitantly high, enormous rates of interest were concealed under so-called credit rates, payment was sometimes taken in kind and the prices given to the farmer for his produce were grossly unfair. There seems to have been little competition in such villages, and the petty shop-keeper had matter entirely his own way. Now, obviously, if a number of such farmers combine together, order all their requirements jointly, and distribute them among themselves,

they ought to be able to secure great advantages. In the first place, they get into the open market where competition will disclose the real value of the articles they want to buy. Secondly, they buy on whole-sale terms, instead of buying on retail terms, and there is a very large margin, indeed, between these two, as it is this margin, in fact, which pays the profits, of most merchants and dealers in the world. Thirdly, owing to the fact, that the quantity ordered by them is large and is therefore important to the dealer, the farmers making a joint orders for goods will command respect and attention, and can insist on good quality. Finally they will be able to secure great economy in freight, whether by rail or sea, but, especially by rail. One has only to consider the difference in rates, for, shall we say, a whole truck load and for a small consignment. These advantages are secured even if the middleman, whom you displace, is a good middleman; and, of course, there are many good middlemen in this world who give very good service to the public for the profits they make. But these advantages are enormously enhanced if the middleman displaced happens to be a bad and dishonest one.

The machinery of such a society need not be very complicated. You must have enough capital or enough credit to tide over the interval between the time when you pay the wholesale dealers, and the time you dispose of the goods to your members. Discounts are generally given by wholesale dealers for prompt payments and it is essential for such Societies to earn their discounts. For a large business, a good deal of capital is necessary for these purposes. But even this can be dispensed with if the members are prompt in paying up their debts to the Societies. Of course, when things grow, it is necessary to pay rent and establishment and perhaps to buy or build houses and shops for which again money is required. But such stores may begin, and generally do, in a very small way indeed. The beginning can even be made by merely bulking orders periodically. Thus, if each member can estimate his own requirements for the next few weeks or the next few months, all that is necessary is for the manager of the society to classify the various requirements and to send a joint order to the wholesale dealer or dealers for the wants of all his members and he thus gets all the advantages, which I described just now. But, as a matter of fact, the articles which are required in European countries for daily use are very multifarious and it is rather tedious for members to estimate their requirements of every kind. Hence it is generally a practice for *General Purchase Store* even at the very outset, to lay in a small stock of the most ordinary non-perishable requirements of the farmer. In practice, there seems to be very little danger or loss in such ventures. Supposing reasonable foresight and sense are shown by the manager, he ought to be able, so to frame his order that nothing will be left on his hands unsold; and in this he is helped by the fact that the things are of good quality and can be sold cheap and by the fact that the members are generally extremely loyal to the Society and prefer to buy from it rather than buy anywhere else. Such Societies moreover seem to have had very little difficulty in securing efficient management. Some managers are, of course, far more efficient than others, but generally speaking, the standard of management of such stores seems to be very high. A permanent paid manager becomes necessary at a fairly early stage. But good men appear to be available at very reasonable salaries. Such men are generally enthusiastic co-operators, and work more zealously and for less pay than they would, in any ordinary appointment of a non-co-operative kind. Indeed, the enthusiasm of co-operators for co-operation, as a whole, is a very striking feature in England and in Ireland. Perhaps, I should say that in such stores, the goods are not generally sold at cost price to the members. It has been found that by selling at cost price, great hostility is aroused among merchants and traders of all kinds. And, in business, it is always desirable to secure the good will of traders. It has been found therefore convenient to sell to members at, or near the current market rates, and to distribute the very large margin of profit secured, in the form of bonus to the members at stated intervals, the bonus being proportionate to the amount of each man's dealings with the Society. At the same time, the opening of a Co-operative Store generally has the result of reducing market retail prices in the neighbourhood, so that both advantages are secured. One sometimes hears it disputed whether, such societies should sell to non-members as well as to members. I believe the general practice is to sell to non-members also. They too secure the advantage of a good quality, but they do not, of course, get the bonus. And, of course, the profits made out of the trade go to the members only. This seems reasonable, provided the society is always willing to admit men of good character as members, and this, I think, they generally are. These Stores are a great feature of rural life in Ireland. You find them all over the country and they are generally very prosperous. Their aim is to supply the farmer with every thing he wants to buy for his house hold or his farm and they often undertake other co operative activities including credit.

The purchase of agricultural requirements is the main function of many English Societies. In Ireland, such business is combined with the general stores. And such societies necessarily have much in common with the Store. Here also you buy whole sale and sell retail: and you want capital or credit or both to enable you to earn you discounts. And this is to be supplemented by reasonably prompt payments by the members. But in such societies it is easier to bulk orders since such orders are received more periodically. Generally speaking, for instance, everyone wants his seed and his manure at the same time and at not very frequent intervals. This is, of course, very convenient as the society can do a great deal of business without locking up its capital in a large stock of articles kept for sale. It is ordinarily without much capital that such societies secure all the advantages described above and, indeed, the success of some of them is perfectly astounding. There is one society in the west of England which, last year, with a capital of £ 700, made a profit of over £ 6,000. I believe it dealt chiefly in seeds, fertilisers and agricultural implements.

Societies, such as those described above, seem to depend on the following conditions for their success:

Firstly, there must be a large margin between wholesale and retail prices of the articles dealt with. This, I should imagine, is generally the case.

Secondly, there must be intelligent management which knows when, where and what to buy—and the management must be honest.

Thirdly, there must be punctual payment which avoids the need of high capital or high prices to members, or a smaller bonus. Since, obviously, if you have got to wait for your money, you must pay the interest, either out of the societies' capital or else out of the interest charged to your defaulting members: or you must forego some of your profit.

Again it is essential that the members should be loyal to the society, and should buy their requirements from it and from nowhere else. This guarantees a regular flow of business, and therefore a regular flow of profits. Such loyalty sometimes demands a certain amount of self-sacrifice, since a local shop man is often anxious to break up the society and get the members back into his own clutches. He is thus prepared to submit to a temporary loss in the hope of future gain, and is apt to try to undersell the society in one or other branch of business even at a loss. Of course, it is very important that members should not give him this opportunity.

Another purchasing function of co-operative societies found in England and in Ireland is the joint purchase of expensive implements for joint use. This can be done either by General-purpose societies or by societies created for the purpose, and both forms are found. The advantages of such purchase are easily intelligible. Such expensive implements as Reapers and Binders, Threshing machines, Power-propelled cultivators are out of the reach of the average small farmer but it is possible for a society of such kind to buy the machines and ultimately pay for them, and for the cost of running them, by letting out the machine for use to its members. Such machines can be bought out of share capital, or on credit, or both. Societies of this kind are of a most useful type and I understand they do a lot of useful work. Of course, there are certain dangers connected with them. In the first place, you have got to choose the right kind of implement. It would be obviously disastrous to buy an expensive implement which ultimately proves to be unsuited to the locality. Fortunately a knowledge of scientific farming is becoming yearly more widely spread. Secondly, you must have a competent man in charge of the machine. And thirdly, you must have facilities for getting the machine put right when anything goes wrong.

And great success has been attained in some directions by the joint sale of agricultural produce. As far as England and Ireland are concerned, this has been most marked in dairy produce. A number of farmers form a society to handle and market their milk. The undertaking is necessarily a big one; because, expensive building and machinery are necessary for the proper treatment of milk; and for this purpose either a good deal of capital or else a good deal of credit is wanted. This requisite being provided, the milk is all brought to the central building and there manufactured into butter by the latest scientific methods and eventually sold wholesale to the merchants. Sometimes the produce is sold as milk or butter,—milk or cheese as occasion requires. But the greatest profits seem to be made from the butter. Indeed, the success of the Creameries in Ireland has been phenominal, where some years ago, the trade in butter was in a very bad way. The elements of success seem to be as follows :—

In the first place, and quite obviously, no individual farmer can possibly produce anything like such good butter in his own home, as can be produced by the Creamery with the up-to-date machinery and skilled supervision. The quality of the butter is therefore better. And what is far more important is, it is much more uniform. I understood that without scientific supervision and appliances it is very difficult to produce a uniform quality of butter.

Secondly, the society eliminates the large body of the middlemen or collecting agents whose work it would be, otherwise, to collect the produce of the individual farmer and hand it over to the wholesale-dealer. This margin appears to be a pretty large one. And, generally, it seems to be the case that contracts for large quantities continuously and reliably supplied are more advantageous to both parties than small dealings. Again, by joint sale, you eliminate the great danger of competition among invididual farmers over the market thus unduly lowering the prices for the benefit of the dealers and to their own disadvantage. This is an important matter since the individual farmer is at a disadvantage in such transactions when he knows neither what he ought to take nor what his neighbour is taking. You also save the individual farmer a great deal of time and trouble which he would otherwise have to waste in

marketing his own produce. Unfortunately, many farmers take a considerable pride in their skill in marketing, to the great joy of the merchant who makes his profit out of their ignorance. As the same time if the society is to be a success, the marketing has to be done with considerable skill and the managers have to possess a large knowledge of the whole sale trade. Here also it appears to be the case that in England and Ireland highly skilled men are easily and cheaply secured. Finally you secure the same advantage in freight charges as are secured by joint purchase and you can put your produce into the market at a minimum of cost.

The same sort of advantages are secured by the joint sale af eggs which are collected, classified, packed and sold wholesale by the society on behalf of its members. Little technical skill is required here and the advantage is to be secured out of the elimination of the middlemen, the elemination of competition among members, great economy in freight and intelligent marketing on a wholesale scale.

Market garden produce is sometimes sold co-operatively by a system of auction. This is the method adopted by the large Pershore Fruit Growers society in Worcestershrie. Every week the farmers bring their produce to the societies' auction premises, and every week dealers come from all over England to buy the produce. And by these joint sales, the farmer has been able to secure greatly improved prices. Here also the middleman has been eliminated and here also the farmers have been saved from the danger of spoiling their market by competing among each other for the buyers. In the case of the market garden produce the articles are of so great a variety and are ready for market at such irregular intervals that it is a difficult matter to arrange regular contracts for regular supply. They are also very perishable and cannot therefore be kept. This seems to be the reason why the auction system has been adopted. There has been little joint dealing in wheat or other grains in England or in Ireland as far as I can make out. And I do not know why it is, that the same advantages are not secured by-operation in this department as are secured in others. Two other classes of co-operative societies may be briefly mentioned. The Small—holding societies are chiefly designed to get land on reasonable rates for their members. Land is difficult for the small man to get. County Councils in England are prepared to lease land to such societies on very reasonable term. The land is leased jointly by the society and let in portions to the individual members. Shares are taken up by the members in proportion to their holdings. The rule is that the nominal share capital should equal three times the nominal annual rent. Ordinarily, the shares are £ 1 shares and only 1 *s.* is paid up. Such societies also perform other services for their members, such as, the joint buying of agricultural requirements and implements and even joint sale of members' produce. They do not ordinarily keep any extra capital for these purposes and use an overdraft on the bank if necessary.

Finally, a certain amount of Co-operative Insurance is done. There is in London a large Co-operative Insurance Society by which insurance is effected for all agricultural purposes. This works hand in hand with the other agricultural Co-operative Societies which act as Agents for their members. There are also, I am told, a fair number of small Pig Societies, as they are called, up and down the country, by which the pigs of members are insured. Every member makes a monthly payment for each pig and the profits are divided after providing for a reserve, among the members. The animals have to be carefully inspected and a good deal of experience is necessary in fixing a fair rate of premium.

It will be interesting to consider whether any, or all these branches of activity can be usefully started in India and that question will no doubt command very great attention in the future, both from co-operators and agriculturists. I do not propose to try to answer it now. But perhaps you will forgive a few desultory speculations. Taking the question of General Purchase Store which has been found so successful in Ireland, are conditions in the Indian villages at all analogous to those in Ireland before the stores were adopted ? Does the Indian villager buy things at a shop at all ? Does he buy much ? How far is the market—a substitute for shop ? Is the villager much swindled over what he buys at the market and at the shop ? Is there the same variation in India between wholesale and retail prices of the villagers' daily requirements ? Again can you get prompt payment so as to enable you to earn your discount ? Will you get efficient management ? Will you get honest management ? These questions will no doubt be answered by time

Taking again the societies for purchasing agricultural requirements— Do villagers purchase agricultural requirements at all ? Can such requirements be bought whole-sale ? Furthermore is there any scope for the joint purchase of expensive machinery ? Can our agriculturists tell us of types of machinery that will certainly be so beneficial as to justify the expenditure of large sums of money on their purchase ? And so on.

Furthermore can the ryot pay sufficient capital or credit to finance such operations ? Again is there in India much scope for the elimination of middlemen and the securing of better prices and the reduction of charges by the joint sale of the ryots' produce ; Shall we ever create scientifically managed Co-operative Creameries near our large town ? Are there other products which could profitably be purchased for market in a Co-operative way ? Can Co-operation be usefully employed, e.g., on the hulling of rice, the ginning of cotton, the cleaning of groundnut, and the extraction of jaggery ?

THE HADAPSAR CO-OPERATIVE CREDIT SOCIETY.

The Seventh Annual Meeting of the Hadapsar Co-operative Credit Society was held at Hadapsar on the 6th of September last under the presidentship of H. E. Lord Willingdon, the Governor of Bombay. There was a large attendance of gentlemen and ladies, some of whom had come from distant places. About 3,000 agriculturists and 500 women were present on the occasion. A brief report on the working of the society for the past seven years was read by Mr. Devadhar of the Servants of India Society, the organiser of the society, of which the following is a summary :—

The Society's Progress.

This "Show Society of India," as the *Times of India* is pleased to call it, was organised and started by the members of Servants of India Society in 1910 for the benefit of the agriculturists of the locality. At the end of the first year there were on the rolls only 89 members, but the number has since increased to 161 which includes 19 women and comprises people of various communities of the place, *viz.*, Brahmins, Maharattas, Malis, Tailors, Barbers, Washermen, Untouchables, Lingayats, Mahomedans and Indian Christians. Deposits received from members, non-members in the village, and outsiders amounted in 1910-11 only to Rs. 5,374/- which included Rs. 100, from ladies ; while the corresponding figure in 1916-17 rose to Rs. 473,933, of which ladies were responsible for Rs. 8,897, *i.e.*, about 1/4 of the amount contributed by the males. Loans advanced to members in 1910-11 amounted to Rs. 9,273 and in 1916-17 to Rs. 97,817. "Members generally borrow for productive purposes, money being applied to agricultural needs, such as, manure, seed, bullocks, agricultural implements, land improvements, fodder, water-tax, land-tax, sinking new wells, and repairing old ones." Most of the loans are for short terms *i.e.*, for 12 months. Interest allowed on deposits varies from $5\frac{1}{4}$ to $6\frac{1}{4}$ % according to the length of the term, while that charged on loans is $9\frac{3}{8}$ %. The society has been successful in attracting local deposits. The members have raised an educational fund to afford greater facilities to the education of the villagers' children and it now amounts to about Rs. 2,000. The reserve fund of the society has now accumulated to Rs. 11,520 of which Rs. 7,000 have been invested in War Loan Bonds.

This Society was visited by distinguished visitors, among whom were Sir Robert Carlyle, Sir Richard Lamb, the Chief of Sangli, the members of the Committee on Co-operation and members of the deputation from H. H. The Maharaja Sahib Holkar of Indore.

The advantages derived by the members from the working of this Society are manifold. Improved methods in agriculture are being introduced and this has been made possible by the supply of cheap capital. The area under sugarcane cultivation has increased, and scientific manures, such as, Ammonium-sulphate are being purchased yearly and utilized. The villagers have purchased about 60 ploughs of improved patterns and have sunk 10 new wells. It is said also that this society is the cause of larger reformation in the village: There are now 50 bicycles and 12 sewing machines in the village. " Members have, as the first lesson in store co-operation, opened a grocer's shop privately, but it is supported by most of the members and is prospering very well. They have also formed a cane-crushing society on the principles of Co-operation. About a dozen members have built a house worth about Rs. 2,000 for common public use. They maintain a small library and a reading-room and the views which these people hold on many questions are very sound. It has taught the members to appreciate the benefits of higher education for which they have started a fund which now amounts to over Rs. 2,000*** It is also proposed to start a Sanitary Committee in the village with the help of the Miss Florence Nightingale Village Sanitation Committee, in Bombay to improve the sanitation of the village. When funds permit the members intend to open a wholesale dealing shop of their own, in Poona, or here for the disposal of the produce of their fields. * * While thus improving the tone of the life of the village by broadening the outlook of its members, the society, has checked interference in indivdual cases discouraged litigation, promoted highest ideals of civic virtues and stimulated a sense of fellow-feeling which has grown with the growth of the society. Members have done their duty on occasions of wide-spread calamities like famine and fire by sending humble contributions. In one word, this Co operative Credit Society has not only been a source of economic benefit, but it has proved to be a powerful agent of effecting permanent, substantial, and healthy change in the lives of its members. It has given them first lessons in Local Self-Government."

On the request of the Secretary of the Society, Rao Sahib Lakshman Rao Sasane, His Excellency was graciously pleased to permit the names of both their Excellencies to be associated with two scholarships each of Rs. 2, one for a boy and another to a girl, to be founded in Their Excellencies' names, a sum of Rs. 800/- having been specially ear-marked from the Education Fund.

The Governor's Speech.

" His Excellency the Governor, who received an ovation on rising, said, it gave him great pleasure to find himself there that day, particularly so, as he was attending a meeting of an Agricultural Co-operative Society. Agriculture, he said, was the corner-stone of economic progress in the country and he wished he could see as many agricultural Co-operative Credit Societies established in India as possible. In the second place he was glad to be at Hadapsar as Hadapsar appeared to be se delightful a spot. They were doubly fortunate, if he might say so, that there were present there many eminent members associated with the government in this country and many prominent citizens. Still he would like to say that the Hadapsar Co-operative Credit Society was one of the model societies of this presidency, he almost ventured to say the model society of India; but they must go more slowly that day. There was one point in the report, however, that had struck him rather forcibly and that was the reference to the desire for litigation inherent in the people. As he saw it in this Presidency that desire had been followed by tragic and serious consequences and he was delighted to find that through the work of the society they had reduced litigation. They had introduced a spirit of honest rivalry, and as it seemed to him, had fostered in their midst a spirit of co-operation and self-help.. He congratulated them on what they had done. And he wished at that stage to give public expression to the obligations he felt himself under to the selfless work and untiring energy displayed by the members of the Servants of India Society, especially, his old friend Mr. Devadhar who was a senior member of the society and who was never weary in well-doing for the benefit of the people of India. They must bear in mind the fact that if they wished to raise the people of India to a higher plane they must do whatever lay in their power to better their condition. Unless they could infuse a brighter

people of India, unless they could

help to render those homes more happy and healthier than they were, they could not expect to uplift the people of the country. It was for this reason he was so pleased to be there that evening. They had started in a small, in a very small-way as a Co-operative Credit Society, but as he understood they had branches now. They now owned their oil-engine and cane-crusher and he believed he had now to open a depôt for oil-cakes. Turning to other topics, Lord Willingdon said he had always held the other sex in the highest regard. He had always realised what good women were doing in connection with the war, and he, therefore, congratulated those women who had invested all their funds in the Government War Loan, and in so doing had helped to carry on the war. He also wished to thank all those who had invested their thousands in the War Loan. When in the years to come, they received year by year the interest on their investments they would realize that they had not only done something to help the Empire. In concluding his remarks His Excellency thought that with such an example before them, they might look forward with confidence to the future. He wished responsible persons to come forward to take a real and patriotic interest in agricultural co-operation. If they could get up such a spirit throughout the length and breadth of India they would do it an immense amount of good. Political reforms would come—personally he wanted them to come—but unless they raised up a class of citizens capable of giving sound advice to the people of this country, their work would not be well done.

In concluding, His Excellency said that in regard to the society he felt perfectly confident that as they had done so well in the past he felt sure they would be equally successful in the future and with that conviction he wished them God-speed in the future."

AN IRISH REVOLUTION.

Mr. J. Donovon, I. C. S., Registrar of Co-operative Societies, Bengal, has contributed an interesting article on the above subject to the July number of the *Bengal Co-operative Journal*, of which the following is an extract :—

On this bleak mountain side was born the man who has made Dungloe famous in Co-operative Ireland. His name is Patrick Gallagher. He is a man to know whom is a privilege, a man whom one can never forget. Mr. Gallagher is one of the greatest benefactors of

the people whom Donegal of Ireland has produced in recent times. He had scarcely learned more than to read and write with some slight fluency when as a child his hard surroundings drove him to an inland town, there to be hired for a miserable pittance for a period of years to some exacting master. From this town when he became free he went to Scotland to work, but the great home-longing never left him, as it never leaves the Irish. He still yearned for the foam-fringed home at the mountain foot in Donegal. He returned and again departed, and finally when he had become a man misfortune or destiny drove him back once more to settle in the bleak and hard surroundings which had driven him away to exile in his childhood.

One day, he himself told me, he and his father went from their little cabins on the mountain side to the village where 436 people lived at the last census. His father purchased and paid for six stone weight of flour. I think it was, a shop, the shop of a gombeen man. Turning to his son he suggested that the donkey cart might easily take home another six stone weight of flour if the son required it for his family. So another six stone of flour was bought, but on credit, as there was no money to pay for it. When the reckoning day came a month later or so, the bill with which Mr. Gallagher was presented was 20% more than the amount which his father had paid for his flour. Twenty per cent in a month meant 240% per annum, and this was the calculation which made Mr. Gallagher refuse to pay. He returned to his village in righteous anger, called the villagers together, told them of the way they were being robbed and told them of something called co-operation of which he had heard in Scotland. In a miserable hut on the mountain, comparable to the huts on the plains of Bengal, they opened a co-operative store. Ridicule first was the weapon used against his undertaking, but ridicule failed. Then every form of oppression which the *mahajan* knows how to use was brought to play upon the undaunted little band who gathered under Gallagher's leadership in the hut on the barren mountain side. But still the co-operative store grew and withstood all attacks. Finally it moved into the village, took one of the largest houses in the little street and daily more people came to its counters. Business prospered, profits increased and customers multiplied. Yet the struggle continued. A typical instance was the case of a man who came into the shop and said :—"Mr. Gallagher, I want to get my goods from you, but I owe

£ 5 to so and so (gombeen man) and he will not let me come to you for what I want." Forth came £ 5 and the gombeen man was paid off and the new customer, when I was in Dungloe, had a large deposit in the Co-operative Bank. But I anticipate.

Once the seed of co-operation was successfully sown and the plant brought to a flourishing condition, it soon spread out ramifications. One form of extension was the Bank. I may not be accurate in my figures but I think it was £ 3,000 that was in deposit in the bank when I was in Dungloe last year, and all from the poor people, who two or three years before were starving on the mountain side and sending their children to America, to Scotland, to any place out of the misery in which they were born. The turn over of the store was £10,000 per annum if I am not mistaken, and two or three horse vans were delivering pure, unadulterated goods to the members for miles around at prices far cheaper than those at which any tradesman sold similar goods, and at the end of the year profits were divided in the shape of bonuses to members.

They had their prosperous store and they were getting with their bank, but co-operation was still spreading into fresh fields. From these barren mountains every year emigration drained the best of the youth. The fairest maidens and stalwart men faced westward to the slums of American towns. The great liners came annually in the summer time every week for a few months to transport these young people always. They went in sorrow but in hope, but they left broken hearts behind and too often there were but lives of hardship in store for them. It was the fate of the young girls that appealed to co-operators most at the time. Some kindly people had started an association to encourage cottage industries. The girls used to knit socks and jackets and other things and local committees were appointed to help them to sell the results of their labour. Reader, do you not see some great resemblance to what is now going on in Bengal? Perhaps my story will be of use in warning Bengal to beware of what followed. The local committees soon were captured by the crafty *mahajan*. They sold the wool to the girls to knit the socks, and of course they did not sell without ample profit. They bought the socks and other things and needless to say not without profit. But was that profit enough? Not at all. The goods were paid for not in the gold and silver of the realm, but in kind, in tea and sugar and other things, on which there is profit, ay, huge profit when the tea and the sugar can be adulterated.

I fancy it was a state of affairs like this, when the girls were only earning a few pence or a few shillings worth of tea and sugar per week, that gave co-operation its next impetus in Dungloe. A kindly priest, Father Finlay, S. J., I believe, presented a knitting machine to some of the girls amongst whom co-operative ideas were spreading, and I think that Mr. Gallagher helped them to sell their goods for cash. When last year I was in Dungloe almost 100 knitting machines were busy in a spacious, airy hall in Dungloe, and a hundred happy healthy girls, of whom Ireland even might be proud, were working under conditions which were perfect from every point of view. They were all making khaki gloves. They had a huge order from the Belgian Government for the Belgian army that was fighting for freedom against the Germans, and they had just received a contract to supply another large order for the British troops that were going out to help the Belgians.

These girls were making each over £ 1 a week. A few miles away their sisters working in a capitalist's factory were averaging 6 S. and 8 S. a week as their earnings. The conditions under which the two factories worked could not be compared. In Dungloe no girl was allowed to work in the factory until she had reached the highest standard in the local school. They worked 7 or 8 hours a day with a break of an hour for a meal. They went home every evening, but they were not allowed to take their work home. Eight hours work a day was deemed enough, and this was incredible at first to these poor people accustomed to slave night and day for a few paltry shillings a week. I saw three happy sisters there at work who took £ 4 a week to their little home on the mountain where a year or two before £ 4 was undreamt of wealth to have at one time. They took it home but it was not squandered foolishly. They lived more comfortably but they saved money and put in the bank. They bought their household goods from the co-operation store and put their spare money in the co-operative Bank. I have never seen a group of workers look more happy or cheerful or healthy than these girls. There was not a pale face among them all. And but for co-operation it is safe to say that ninety per cent. of them, if they had lived to this age at all, would have been drudges or worse in slums of some city.

All this was not accomplished without opposition. Politicians and even priests put difficulties in the way, but the spirit of co-operation overcame all. It was wonderful to see how this spirit had taken hold of them. Each of these girls was delightfully keen on co-operative principles. The doctrine of co-operation came with them next to the faith of their fathers.

The man who brought about this revolution was Patrick Gallagher. He manages the stores and the other business of the society on a salary so small that I shall not mention it here. He is the most unassuming person, one can meet in Ireland, seeming to be entirely unconscious of the immense benefit he has done to a whole country side. In every way he is a most estimable character but perhaps his finest quality is his grit and backbone. It is a delight to meet him and to talk with him. He is now a Magistrate of the locality and was elected too to the County Council, but neither his magisterial nor his council duties divert him from the call of Co operation. I heard him later in another little alley in the mountains preaching the doctrine of Co-operation. It was in Dumfrees, also in Donegal, and there he seemed to be pouring forth his very soul to the people to whom he was promising salvation. I hope he will forgive me if I have made too familiar with him in placing as a model before the Co-operators of Bengal, and if there are inaccuracies in the details of the story of Dungloe as I have told it I hope too he will pardon these. It is with admiration that I always think of him and with pride I claim him for a fellow countryman and a fellow worker in the same cause.

MR. WOLFF ON CO-OPERATION IN BENGAL.

The following are extracts from a letter from Mr. Wolff to Mr. Mitra, late Registrar of Co-operative Societies in Bengal, published in the July Number of the *Bengal Co-operative Journal* :

I congratulate you on the advance which you have evidently made, not least so in your avoidance of what our proverb calls "more haste worse speed." It may be locally discouraging to have to put off registration of societies. But you are after all still in an early stage of the movement and it is well to walk circumspectly. The advance made in non-credit societies is distinctly encouraging. You appear to have mastered the supreme difficulty in the matter of weavers' societies. Probably there is still a good deal of rough ground before them. But you are evidently going ahead. A central store in Calcutta, if it can be organised on business-like lines, and secure a market, will certainly be a great help. I am particularly well-pleased with the comparative success of your sugar society and the formation of another. My impression not knowing your country is that there is a good prospect of development of the sugar industry on co-operative lines. I also agree with you that the milk question is much the best advanced in your case on the distributive side.

I am also greatly pleased with your people having taken up co-operative irrigation. That ought to answer in India. (There is much of it in the United States of America). The greater attention bestowed upon increasing a fluid resource is certainly a step in the right direction.

What you say about a Provincial Bank shows how risky it is for one situated like myself to offer any opinion relating to an unknown circumstances. Generally speaking I am in favour of what you call a Provincial Bank—the more extended the territory within managable limits the better. However, as you explain the case you are entirely right in putting off the question. After all a Provincial Bank is designed only as a means to an end. And since your Central Banks now appear to serve that end sufficiently one ought to let well alone. It appears from your own admission that the Central Banks sometimes get into starts because they have no other source to tap when there is pressure upon them. An ordinary bank opening to them a credit account would for that purpose answer the same purpose as a provincial bank. And such arrangement, so one would think, ought to prove practicable in Bengal as elsewhere.

Your Central Banks not accommodating themselves in every instance to the requirements of "inspection" indicates one of the weak points in inspection by Central Banks, which I dare say, is unavoidable in your case, but not ideal ; audit, of course, any qualified and trustworthy body would undertake. But inspection after the course of time becomes the office of a union.

I can quite understand that people take rather to the mixed type of central banks than what you call the pure. There is reason to regret that.

You know more about conditions in India than I do. But as a matter of general rule I do not quite see the necessity of limiting one society to 50 members. The object of limitation is not to keep the number of members at the lowest possible limit, but to ensure that there is adequate knowledge of one another and possibility of controlling one another.

CO-OPERATION AMONG PANCHAMAS.

Mr. M. Ananta Rao, B. A. B. L., Secretary of the South Canara Central Co-operative Bank, has sent us the following interesting account of a new kind of Panchama Society started recently at Puthur in South Canara :—

The starting of the very interesting experiment of a Co-operative Society on somewhat new lines among the Panchamas of Puttur in South Kanara came off on the 30th September. There was a good gathering of the Panchamas themselves, among whom there were a number of females also. Some of the *elite* of the town were also present. The bye-laws as registered were explained in detail to those present and formally adopted.

The Society is a limited liability society, the share capital of which has at present been fixed at Rs 2,000 made up of 400 shares of the value of Rs. 5 each. In respect of the payment of share-capital by the members, it is what is called the " Morris " plan of America that has been adopted, by which every member has to pay into the society eight annas per month as long as he continues a member. As soon as the monthly accumulations reach the sum of Rs. 5, the member is at liberty to convert it into shares or to use it towards repayment of any loan due from him to the society. Thirteen of the original signatories to the application for registration and 4 new persons joined the society as members, one of them taking a fully subscribed share of Rs. 5 and placing a fixed deposit of Rs. 5 also in the society. One of the members is a female. Another feature of the bye-laws is the combination of stores also with the ordinary loan transactions. The ordinary Panchama (of South Kanara at any rate) manages to earn daily according to the usual rate of wages, but is nevertheless unable to save anything, though his natural wants are indeed very few. One reason for this is of course the habit of drink to which all Panchamas are slaves ; but another, and perhaps the more serious reason is that they fall an easy prey to the ubiquitous Mopla shop-keeper in buying their necessaries of life. Short measure, adulterated quality and exorbitant prices are some of the factors, by the aid of which the moplah

vampire sucks the life-blood of all the unknowing panchamas. Those who would work for the economic emancipation of the Panchamas (in South Kanara at any rate) had to take this fact also into account and had therefore to make suitable provision for the supply of their necessaries of life also besides the few small loans that they may be in need of from time to time. The bye-laws had therefore to be so drafted as to combine distributive with credit operations, and this necessitated a reference to the Local Government themselves for sanction of the proposed combination. Dewan Bahadur L. D. Swamikannu Pillai, the then Registrar of Co-operative Societies, accorded his hearty support to the scheme and Government were pleased to issue a G. O. sanctioning it and suggesting one or two minor changes in the draft bye-laws. The Assistant Registrar of Co-operative Societies, Calicut Section, later on registered it as a co-operative society on the 22nd of August 1917.

Still another novel feature introduced in the bye-laws is the provision enabling the society to admit to membership persons other than Panchamas also, to assist in the management of the society till at least the Panchama members would be able to help themselves. In virtue of this provision two of the public spirited pleaders of the town, Messrs. N. Narasinga Rau and B. Dasa Rai, one a Brahmana and the other a non-Brahmana, were invited to become members of the society, and on their readily accepting the invitation, one was made the President and the other the Secretary of the society. The three other panchayatdars of the society are Panchamas and are such as have up to now been their natural leaders.

The store branch was formally opened in the evening of the 1st of October. Over one hundred Panchamas proceeded to the temple of the village deity, Mahalingeshwara, and after a suitable prayer had been offered to the Almighty, formed themselves into an orderly procession and marched off through the main streets of the town to the shop and office building engaged by the society, singing their folk-songs on the way and accompanied with their own indigenous tom-tom. The President of the society in a short and felicitous speech in the Vernacular explained the objects with which the society had been established and requested Mr. Ullal Vamana Naik, the Local District Munsiff, to perform the function of opening the stores branch of the society. Mr. Vamana Naik in a few well-chosen words expressed the pleasure he experienced in associating himself with the local co-operators in this, the latest of their efforts to bring co-operation to the doors of the very classes for whom it was most needed, *viz.*, the Panchamas, and added that he foresaw a very great future for the society. He also made a pertinent reference to some of the social and economic evils that beset the Panchamas and said that he was confident that the society would steadily expand its beneficent results in all directions so as to combat all those evils and emancipate whole community in course of time. In conclusion, he called upon the society the blessing of Providence and declared the stores open, by measuring out and delivering a quantity of rice himself to two of the Panchama panchayatdars of the society. One of these latter made a short and impressive speech expressing the thankfulness of the whole Panchama community of Puttur to the public-spirited organisers of the society and invoking the blessings of the Almighty upon all concerned. The function closed with the distribution of *prasadam* to all those present.

THE GOVERNOR OF MADRAS AT A CO-OPERATIVE SOCIETY.

In the forenoon of the 17th October 1917, His Excellency and party motored to Farangipet, a village 9 miles from Mangalore in South Canara District and the seat of a Co-operative Society. His Excellency was conducted to the Elementary School-house which was tastefully decorated for the occasion. There the Panchayatdars of the Farangipet Co-operative Society as well as those of the neighbouring societies of Mermajal and Ammambal were introduced to His Excellency, who, freely conversed with them as to the nature, scope and extent of the work done by the societies. He expressed his great appreciation of the work done by the societies in general and the Farangipet Society in particular, inasmuch as the latter society had not confined its activities merely to the sphere of borrowing and lending, but had interested itself in other village activities as well, such as arbitration, sanitation and education. Among the results achieved by the society in the last noted field must be mentioned, the starting and conducting of an Elementary School. His Excellency was much impressed with the good work done by all the societies and warmly eulogised the self-sacrificing labour of the Co-operators of South Kanara who are responsible for the remarkable advance of the movement in the district. In thanking His Excellency for the honour done by him to the Co-operators by his visit, Mr. A. Ramachandra Hegate, the President of the Farangipet Society said :—

" On behalf of the Co-operators of this district in general and of all those gathered here in particular, I have very great pleasure in offering to Your Excellency our sincere and grateful thanks for having made it convenient to stay here to have a look into the societies of these parts. Our pleasure is enhanced by the consideration that amidst your multifarious and onerous duties, Your Excellency has found time to remember us, co-operators, who form a considerable section of the public at the present day. The occasion is undoubtedly unique; for, so far as we are aware, this is the first time that Your Excellency has been pleased to look personally into the condition and officers of Co-operative Societies. We are all the more grateful therefore for your unbounded sympathy which has actuated you to turn your attention to acquaint yourself personally with the humble work done by us, co-operators. We sincerely trust that the same sympathy and encouragement shown by your Excellency to us to-day will be continued for ever more and will always be extended to the growing family of co-operators in this Presidency during Your Excellency's tours."

After the singing of " God Save the King " by the assembled children, His Excellency and party departed amidst ringing cheers.

The following remarks of His Excellency the Governor of Madras on the three Societies, Farangipet, Ammambal and Mermajal visited by him will be found interesting :—

" It has been of great interest to me to have had this opportunity of making myself personally acquainted with the working conditions of these three societies, and of ascertaining the confidence of such of their members as were present in the financial soundness of the societies, and also in the future prospects of their larger usefulness. Hearty gratitude is due to all those to whom are due three satisfactory signs of co-operative progress. I wish all success to this movement."

THE TANJORE DISTRICT CO-OPERATIVE MANURE SOCIETY, LTD.

The Tanjore District Co-operative Manure Society, Ltd., the first institution of the kind in this Presidency, commenced its work in October 1916, and the report sent to us for notice covers a period of only nine months. On the last day of the year under review there were 87 members of whom 43 were Associates—generally Pariahs who would gather bones to the society, but who would not take up shares in it. Forty-nine shares to the extent of Rs. 445 were taken up by the remaining members.

During the period loans amounting to Rs. 596-8-4 were received from the Nidamangalam Agricultural Bank, of which Rs. 213 were outstanding at the end of the year. Six tons and fifty-three pounds of bones were purchased for Rs. 188-14-0 and one ton of phosphatic nodules for Rs. 25. Including the crushing and mill charges, the prime cost of the products totalled Rs. 404-6-9. Other kinds of manures, such as, wild indigo, castor cake, and fish guano and selected paddy seeds were purchased for Rs. 1,036-10-3. Sales of them amounted to Rs. 920-15-7. The gross profit for the year was Rs. 111-12-5. There were held in the year one general meeting and three committee meetings, and it is very satisfactory to note that none of them was adjourned for want of a quorum. The advantages derived by the members are many. The manure firms generally sell phosphoric acid bone meal. Phosphoric acid flour phosphate, and Fish guano at Rs. 80, Rs. 80 and Rs. 125 to 130 per ton respectively, whereas the members get them from this society at Rs. 65, Rs. 37-8-0 and Rs. 110 respectively, the quality of these manures being the same in every case. Besides this advantage in prices, the members got a dividend of 9 per cent. on their share capital, which thus amounted to Rs. 250 for the year. The management had an informal conference with the Deputy Director of Agriculture on the following subjects and are very grateful to him for his advice :—

(1) Purchase of a Breeding bull to the Society as per concession allowed by a G. O. for maintenance grant up to Rs. 100.

(2) Forming an estimate of the different phosphatic manures required by members.

(3) Paddy experiments in the Manganallur farm.

(4) Distribution of selected paddy seeds among members.

(5) Necessity of an Agricultural Inspector from the month of June to the end of October for doing propagandist work among members as regards the application of concentrated manures.

The managing body of this society, especially, Rai Sahib A. Sethurama Ayyar, are to be congratulated for this creditable progress at this initial stage of the Society.

THE ANNIGERI GUARANTEEING UNION.

The Annigeri Guaranteeing Union was registered on the 3rd March 1915 under the title of the "Annigeri Agricultural Co-operative Federation" on the model of the Federations in Burma and has since assumed the present title after adopting the by-laws of similar guaranteeing Unions. On the last day of the year under report, as many as ten Societies with a membership of 1,465, a working capital of Rs. 1,63,123-1-2 and a reserve fund amounting to Rs. 12,612 were affiliated to it. The Union had a cash credit for Rs. 1,75,000 from the Bombay Central Bank. The liability of the Societies to the Bank amounted had been to about Rs. 1,06,238 of which Rs. 59,500 has been borrowed through the Union. It is highly creditable to the Union that all the loans got through its agency were repaid during the year and that it is striving its level best to secure big loans elsewhere to discharge the prior debts of some of its affiliated Societies, which have accumulated to a considerable amount.

The affiliated Societies are to pay for the management expenses of the Union at $2\frac{1}{2}$ annas per Rs. 100 of working capital and the sum so collected for the year amounted to Rs. 159. The Societies are often inspected by the Secretary and the members of the Union, the former having successfully undergone training in the class specially opened by the servants of India Society in Bombay. The satisfactory working of this Union is due in a large measure to the hearty co-operation of its members and to the zeal of its chairman, Rao Saheb R. K. Inamati, Honorary Organiser of Co-operative Societies.

THE TINNEVELLY DISTRICT PUBLIC SERVANTS' CO-OPERATIVE CREDIT SOCIETY, LTD.

This Society for the Government Servants in the Tinnevelly District was registered on the 26th January 1916 and was started in the next month. The report sent to us for being noticed is for the second year of its existence. The number of members on the roll had increased from 199 as in the previous year to 363 which included 25 from its Tuticorin Branch. The paid up share capital rose from Rs. 1,180 to Rs. 2,595, Deposits from members and non-members amounted to Rs. 3,400, of which a non-member was responsible for Rs. 3,000. A note worthy feature in the working of this society is that it does not go in for outside borrowings, but gets the financial assistance all locally, the local South Indian Bank, Ltd. kindly furnishing the society with the required cash credit. The amount so received from the Bank was Rs. 12,221-3-2, of which about Rs. 8,686 were repaid during the year. About 195 loans to the extent of Rs. 12,040 were disbursed to the members. "Small loans of Rs. 50 and less each form 31 per cent. of the total number of loans and 131 loans covering Rs. 7,501, were for productive and 64 amounting to Rs. 4,535 for non-productive purposes". The usefulness of the society to the members is considerable.

"Through the help of the society many debts of members outstanding at higher rates of interest (26 debts covering Rs. 1,924) were repaid during the year and many public servants of moderate means have been helped by the society with funds during the harvest season for the purchase of food-grains and other necessaries of life, with a view to enable them to store sufficient stock for a year's supply. The number of such loans was 97 covering Rs. 5,495 *i. e.*, nearly 50 per cent. of the total number of loans granted. Besides the above, 18 men have repaired their houses, 3 have improved lands, four purchased cattle, two have provided their children with education, three gave their sick dependants medical treatment and in one case, money was advanced for delivery expenses. In short, we have provided cheap credit for men of very slender means, who had none before and they have become more self-reliant. It will thus be seen that the society has established itself as a staying power mostly to the lower ranks of the public servants of this district."

Almost all the members were punctual in repaying their loans and the outstandings that were overdue on the last day of the year under review amounted only to Rs. 104-7-6, not a large sum considering the heavy transactions of the society. The net profit for the year was Rs. 86-6-4 against Rs. 65-13-0 as in the previous year, allowing a dividend of about 6 per cent. on the share capital. There were two general body meetings and 21 meetings of the Managing Committee, of which two of the latter had to be postponed for want of a quorum. The management is to be congratulated on the efficiency of its work in such a short period of a year and a half.

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