THE MADRAS BULLETIN OF CO-OPERATION

P.C.U.

ALL FOR EACH and EACH FOR ALL

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WEAVERS' CO-OPERATIVE SOCIETIES.

(A suggestion for their healthy development)

Rao Sahib T. K. Hanumantha Rao.

The history of Weavers' Co-operative Societies in the Madras Presidency is more a history of their failure rather than that of success. The directions in which Weavers require to be helped are the following:—

1. The purchase of raw materials like yarn and dye stuffs without recourse to middlemen who make huge profits at their expense.

2. The establishment of a steady and sympathetic market for their products without recourse to middlemen.

3. The establishment of means for encouraging thrift and self-help among them.

4. Facilities for weavers to obtain a clear knowledge of co-operative principles and practice.

The first and foremost of the above is the establishment of a steady and sympathetic market, for absorbing the goods produced by the weavers individually or collectively.

If the Presidency had already in existence organisations of consumers like the Triplicane Urban Co-operative Society and the Madura Stores in large numbers, the problem would be simple; for it would simply be necessary to establish working relations between them and the Weavers' Societies. But as a matter of fact, there are only a very few consumers' societies, which have risen beyond the stage of groceries; and even these few do not seem ambitious or capable of developing a 'clothing' department to cater to the needs of its members in that direction.

In these circumstances, it would be a very wise step to establish a

Co-operative Weavers' Wholesale Society.

I. With a view to

(1) Enable weavers to obtain yarn, dye stuffs &c. with recourse to expensive middlemen.

(2) Create a market for the goods produced by individual weav or weavers' societies.

(3) Serve as a connecting link between the consumers at large and the weavers individually or collectively.

II. The capital to be one lac of Rupees divided into 10,000 shares of 10 Rs. each.

III. The members to consist of:—

(1) Individual Consumers of articles of clothing who sympathise with the weavers

(2) Consumers' Societies which deal in clothing

(3) Individual weavers who produce on their own account

(4) Weavers' Societies producing collectively

(5) Bona fide dealers in cloth.

IV. The Direction to be by a Committee of seven members two of whom to be nominated by Government, one from the Co-operative Department and the other from the Department of Industries, the remaining five by the members on some rational plan.

V. The Government must guarantee the society against loss until such time as is sufficient to enable the society to stand on its own unaided legs.

VI. Individual Consumers, Consumers' Societies, Bona fide Dealers in cloth who are members must give orders through the society, and the weavers' societies produce as far as possible to the order of the Wholesale Society.

Side by side with the formation of such Weavers' Co-operative Wholesale Societies for marketing their products, the weavers must be persuaded to form themselves into Consumers' Societies of the Rochdale type for buying their requirements, thus recognising the principle that producers' organisations cannot create values without the aid of consumers organised similarly. The Rochdale Pioneers were weavers, but they recognised that in the Grocery Store which they opened were contained the most important elements necessary for the growth of their industry viz., an assured and sympathetic market, and also facilities for creating capital. The weavers themselves who want a market for goods which they produce must recognise the need for their combining to form a market for the benefit of other producers as well as of themselves.

(to be continued)

LOSS SOCIETIES.

Among the papers submitted to the Conference of Central Banks held in Madras on 8th May 1926 is one prepared by Rao Sahib T. Srinivasa Rao on "Loss Societies". It is really an interesting note well worth the study of all anxious co-operators. It is a note of warning come none too soon and Mr. Srinivasa Rao deserves our heartiest congratulations on his zeal. Starting with the comparative statistics from 1920-21 to 1924-25, he traces the genesis of the class to the present system of profit calculation introduced ten years ago. 4325 agricultural societies or nearly 48 per cent of the societies in the Madras Presidency are working at a loss and the average loss per society has increased from Rs. 93 to 177 in these 5 years. The percentage of uncollected current interest to demand is 35·83 and that of uncollected arrears interest to demand is 49·48. Overdue current interest according to him was Rs. 11,48,643 and arrears interest Rs. 7,60,149. These appalling figures have naturally staggered him as it would have some others and in suggesting remedies, he states that the system of profit calculation has to follow the one in ordinary Joint Stock Banks. The difference between the two is simply this. In the Joint Stock Banks, all accrued interest up to the end of their official year is credited to profit while in the co-operative movement, all interest overdue and unpaid before the close of the year as well as the interest accrued on an item of loan on which interest is overdue at the close of the year, is left out while calculating the divisible profit. If at all this was erring on the cautious side and was presumably introduced to stimulate collection of interest, Mr. Srinivasa Rao quotes from the administration reports from 1916 to 1918 *i e.,* during the time of the late Messrs. Swamikannu Pillai and Hemingway in support of his contention, and says that these two Registrars were not satisfied with the new system of calculation of profit. Mr. Srinivasa Rao advocates that at least for purposes of the Reserve Fund, the Book Profit could have been taken into account. While fully concurring with him that the first consideration even in an Unlimited Liability Society is the accumulation of a fat Reserve Fund as speedily as possible to ward off the danger of unlimited liability to members owing to failures of societies and their consequent liquidation, the remedy suggested viz., the resort to calculation of profits on the lines of a Joint Stock Bank, does not seem to be suitable. The present arrangement has served at least the purpose of attracting the keen eyes of Co-operators like Mr. Srinivasa Rao to the slackness of collections and has enabled to call to arms those who would be prepared to rehabilitate the societies. The other thing would have lulled the people into a sense of security, and one fine morning a large number of co-operators and members of societies would have jumped out of their beds to see that the whole movement is based on artificial balance sheets and that profits have been declared and pocketed by members probably out of capital while a large amount disproportionate to the share capital contributed by the members has been locked up among a few, either never to be recovered, or to be recovered from all at liquidation, irrespective of the fact whether all of them have participated in the handling of the societies' monies or not. The same thing is clearly seen in the working of a few central banks which declare from year to year 9 per cent dividend to individual members and lull them into security, while the borrowing societies are given wholesale or promiscuous extensions with the result that either the Banks' reports do not show the condition of overdues or abnormally reduce it. Here the Banks go behind the rule that the accrued interest on non-overdue loans can be added to divisible profits, and give extensions depending entirely on the unlimited liability of village societies which is only a moonshine where no accumulation of Reserve Fund is available. The remedy would in this case be worse than the disease. For in Joint Stock Banks, bills beyond 3 months' time are not known and Pro-notes do not get more than six months' time limit within which the amount has to be repaid or else the credit of the borrower in the borrowing world is gone as the money is generally lent to merchants for whom the delay of even a minute after the due date is surely discrediting, and the commercial world is rather a very hard task-

master. We are more humanitarian and are prepared to give extensions without much discrimination with the hope that our money is secure when it is lent to an Unlimited Liability Society. We call the movement a moral one and if it is to be so, it should plainly show to every one of us the real condition of affairs. For self-knowledge is the surest road to self-improvement. Hence in the co-operative movement, it would be better to declare profits on actual collections than on calculations. So far as the societies are concerned, the mode of calculation has nothing to do in the increase in the number of loss societies. I shall explain what I mean.

A society in the village is started with a maximum borrowing power of Rs. 3,000. My experience is limited only to my district. Within one year it has borrowed up to its maximum limit. At the end of the year, it has to pay Rs. 240 as interest to the central bank for the loan. The money is lent out and even supposing that there are no overdues, the interest realised and realisable at the end of the year is Rs. 300. The members of societies are charged 10 per cent interest. The gross profit is Rs. 60. Out of this, the society has to pay Rs. 30 to the secretary for the clerical work. This leaves only Rs. 24 out of which Rs. 15 or half per cent on the working capital is to be paid to the Union as supervision fees. This leaves a margin of Rs. 9—a princely sum to meet other contingent charges *i.e.,* the secretary's travelling expenses to receive the cheque or draft from the post office, to register the bond to be given to the central bank, to attend the meetings of the union and the central bank. The society has also to meet the expenses of books, stationery and a fountain pen—the latter appears a necessary item of a society's contingent charges. The remuneration of Rs. 3 is too little and the secretary or the president has enjoyed the pleasure of handling somebody's thousands available for the mere asking without the rigorous responsibility of losing his own all for failure to return the amount in due time. The temptation is to raise the borrowing power to bring more remuneration or more opportunities to handle larger amounts. A complacent central bank without knowing what to do with balances consents to the increase, the Department is gratified that more business is being done in the society and within a year or two the M. B. P. is raised to Rs. 10,000. Let us see what the state of affairs then is. The society has to pay Rs. 800 as interest to the central bank. It entirely depends on the indulgent mother institution. Let us assume there are no overdues, owing to book adjustments not noticed by any or even if noticed are winked at, because there is the unlimited liability as a last resource, and the Bank has not got channels to absorb its deposits and has to declare a dividend of 9 per cent somehow or other. The interest collected and accrued would amount to Rs. 1,000. Thus there is a ***book profit*** of Rs. 200. Out of this, the clerical remuneration takes away Rs. 120. Rs. 50 is to be paid to the Union. Then there will be Rs. 30 left out of which the T.A. and contingent charges have to be deducted. A minus balance is natural and it is surprising that only about 50 per cent of the village societies are Loss Societies. The reasons for this reduction are :—

(1) Many of the profit societies are societies which accumulated some reserve fund in the initial stages as at that time many of the items which now appear in the account books of a society had not come into being.

(2) They were impressed that they have gradually to depend on local deposits which were generally at lower rates than that of the Bank lending rate. Various sorts of deposits were also encouraged as the central bank was not in a position to finance to the fullest extent.

(3) The clerical work was not paid for.

(4) There was no collection of supervision fees, as the societies were then too few and could be looked after by the Department and latterly in conjuction. There were book adjustments of members' loans, and the extension applications obtained from societies had helped in societies and Banks to reduce the overdues, and the profits having increased, some amount every year went to the Reserve Fund. In order to safeguard the dangers of unlimited liability, it is quite essential that a Reserve Fund must be developed, and Mr. Srinivasa Rao's suggestion that the margin of profits should be raised deserves our serious consideration. But the necessary and unnecessary evils that have already crept in have to be first studied carefully and then only our remedies would be effective.

While the Joint Stock concerns are blamed for being too business-like, and are treated as concerns with too much head and too small a heart, the co-operative concerns were advocated because they do attach a good deal of importance to the human element. But I am afraid it is going to be a hybrid developing all the bad features of both.

Let us consider how it is so. If a village Panchayat in a village, or a Taluk or District Board, or a Municipality can hope to secure an unpaid President to guide its destinies, it is really amazing that we cannot find one man in a village or one man in a town to do the honorary work as a secretary. So the remuneration justified in the use of a village society is attempted to be justified on the ground that the books to be maitained and the consequent arduous work is too much for an unpaid worker, and is justified in the case of a Bank on the ground that it requires an expert,

This item takes away a pretty large slice of the income. Supervision takes away another slice of the savings. Here I tread on a dangerous ground for what is applicable to this movement is applicable to almost all the Departments. Those who have to bear the brunt are inefficient, ill-equipped, promiscuously chosen, ill-paid and consequently always discontented, and over whom there is a highly paid staff whose energies have often to be wasted in setting right what has been badly done by the ill-paid men than in directing in new and untrodden paths to the glory of the movement. Makeshifts are always resorted to, which being temporary in nature, have to be condemned even before they are given a fair trial. To remove one evil, some expedient is chosen which turns out to be a worse evil. So the energy is entirely diverted to removal of evils, and the suggestion that the present system of calculating profit is to be modified is one of such evils. If we want to be business-like, more care and scrutiny are required in lending, greater care to see that the loan is not misapplied and much greater care in promptly collecting it. The villager wants always concesssions and is under the confirmed belief that the god that controls the rules can also be easily cajoled into breaking them by his entreaties and what not. Let him only understand that there will be no concessions and that any break in the rules is severely dealt with, and he will be more amenable to discipline. His mentality is trained to fear 'Kali," the god of death, than the all-pervading God of "Love". He cannot appreciate and even cannot form any conception of the existence of such a potent factor in his life. He has to be gradually educated and freed from the rigour in which he is placed and then only will he appreciate the good that is attempted to be done to him. This part of education we have hopelessly neglected, thinking that everything will be set right in its own time and the movement with a backing up of the Government, instead of really doing good to the people, causes an alarm in the minds of most of the people as leading to positive harm. The moral side of it can only be developed if it is purely unselfish labour and not when every bit of it is attempted to be paid. Either we have to confess that we are not of the calibre to work in any good movement without payment in Rupees, Annas, and Pies as our wages, or we have to rise above that and show a fund of moral power by creating a directive non-official agency entirely unpaid and full of lofty ideals. It does not sound well in the mouth of a secretary with a prospect of securing a Deputy Collector's pay to preach to a poor secretary of the village society that he must work gratis with the hope of gaining salvation in the next birth. If only from top to bottom all non-official directing agency was unpaid, I do not object to meeting their out of pocket expenses from the movement when they lend their physical and mental energies for nothing. The basis of the movement would have been on the bed-rock of real worth, real unselfishness, and real philanthropy. The clerical staff has to be paid as well as those who have to do field work. Their equipment must be satisfactory and their pecuniary wants have to be properly looked after.

When the Supervising Unions were created, it should have been anticipated that the Department is there only till the people take up the movement in right earnest and to withdraw from all active participation when the people are strong enough to bear the burden on their own shoulders. Neither the general body of a society nor the general body of a Union has yet realised one per cent of its responsibilities and sufficient effort has not been made to instruct them with regard to their responsibilities, and a sudden withdrawal of the Department saying that it cannot afford to do more than audit the accounts would throw a good deal of the burden on inexperienced shoulders. What margin of profit in societies will help them to build up a reserve is of secondary importance till this human factor is first of all tackled. For whatever margin that is left will only be taken up for remunerating the secretary either of a society or a Bank and the contingent charges will also increase whenever there is a bigger margin of profit, and we will be where we were before. This is a question in which it is not the Department that has to advise us. It is a question of the people, to be settled by the people, if they really want to successfully work the movement for the uplift of the country and the reconstruction of villages and not as a hobby which might bring in some money into their hands for mishandling or might add a high sounding word or two to their names.

CO-OPERATIVE CREDIT SOCIETIES OF SHARE TYPE IN KASHMIR PROVINCE.

By Tulsi Ram Esq.,

(Deputy Registrar of Co-operative Societies, Kashmir Province, Srinagar)

The Co-operative law insists that in a Co-operative Society designed to create funds to be lent to its members, these latter must be drawn from a small specified area and from the same tribe, class, caste or occupation and further that where a majority of them are agriculturists, their liability must be unlimited. The requirement of unlimited liability is in no way a restriction; it is necessary in order to secure lenders and depositors against loss. It is the only security that can be developed in the villagers-a poor Community-and is deemed indispensable in order to put on guard the persons not accustomed to forethought in financial

matters. But it does not follow that the whole property of the member much less the whole property of all the members is, in any sense, at stake. Having offered their joint unlimited liability, the members proceed to impose series of restrictions and precautions designed to confine their actual liability within narrow limits by fixing the maximum credit limit of individual members, by careful selection of members, careful scrutiny of purposes of loans, and careful supervision over their proper employment, and by demanding the security of one or more persons for every loan. The risk of unlimited liability is further removed by the building up of the reserve fund which rightly serves as a buffer between their property and the creditors of their Society. To remove whatever little danger may remain, the members bind themselves to contribute shares in annual instalments.

Besides affording an opportunity to the members to lay by savings by practising thrift, this share system has tangibly proved a real source of attraction to the creditors and depositors. The correct view of the share system is that it is an agreement among the members to pay up in advance a portion of their unlimited liability. It undoubtedly contains a strong element of thrift as it is invariably employed in the business of the Society and earns further interest thereon which swells the reserve fund. The main advantages of the share system are the rapid accumulation of capital owned by the members, their equal rapid deliverance from dependence on outside credit and the possibility of reducing the rate of interest to members at a much earlier stage than is practicable in non-share Societies. Above all other considerations stands the great financial strength of the Societies with shares which render them less susceptible to panic or other disturbances of the money market. Sufficient owned capital of the society is highly essential for the realisation of the dream that the members would, by the organisation of a Co-operative Credit Society, enjoy the advantages of complete independence of the usurer and be able to reduce the rate of interest on their loans, a promise held out to them by the pioneers of the movement and which, if not fulfilled within a reasonably short time, is apt to be regarded as a mere visionary and illusioned one.

Although the main task of the Credit Societies is to finance the members for productive purposes and for essential unproductive objects, the movement cannot be said to have exercised its economic functions adequately unless the Societies have succeeded in promoting thrift and in redeeming members from their previous debts which are not only very heavy but also bear high rates of interest and the indebtedness consequently is never substantially reduced, as the earnings of the poor farmers not unoften barely enable them to pay the heavy interest charges and only occasionally a moiety of the principal. Hence from the economic point of view, the entire extinction of a member's debts and the substitution of the Credit Society as his sole creditor appears to be the most satisfactory course of extricating him from his debts of the money lenders with of course necessary safeguards and the assiduous corresponding efforts on the part of the debtor himself in order to remove the danger of weakening his moral strength of character.

All the Credit Societies in Kashmir were founded on share system and all the members both rich and poor alike have been making share contributions in equal amounts. The value of one share is Rs. 50 which is made payable in ten equal yearly instalments. This equal contribution means that a person in order to get admittance in a Society subscribed the minimum share and got entitled for loan, which was not the correct view of the share system. If the Societies are to be run on this system, the members should contribute towards shares according to their means and resources within of course the statutory limits. It is only through this system that the members can quickly build up their own capital sufficient enough to meet their requirements in the shortest possible period and may also feel in their Societies a tangible stake which instinctively induces them to evince lively interest in their working. In other Provinces where the share money of the Societies was, according to the former bye-laws, returnable after the completion of ten years, it means that they shall sustain a markedly great financial fall in the working capital after ten years and thus shall be much worse off and more dependent on their financing agencies in future than in the past and that their self-sufficiency shall simply be a dream. In case the Societies do not become self-supporting even in 15 or 30 years, then the object for which share system was introduced remains unachieved and this one bare fact tends to give rise to dissatisfaction in the hearts of the members and ultimately to shake their confidence in the realisation of the cherished goal. In order to accelerate the achievement of this end which is admitted on all hands, a new bye-law was framed in the Credit Societies in 1924. Under this newly introduced bye-law, the share money paid up in ten years is retained and after carrying at least ¼ of the accumulated profits to the Reserve Fund, the remaining ¾ths are rateably added to the share money of the individual members forming thereby future non-returnable shares. Dividend is to be given from the beginning of the 12th year on the newly formed shares to the maximum of ten per cent out of the profits of the year after carrying at least ¼ to the reserve, but fresh contribution of the share must continue for a further period of ten years. After the expiry of 20 years, the further

contribution of share money may cease. In this way it is intended that the Societies will become self-supporting at least at the end of the 20th year and shall have enough capital of their own in 20 years which would be ample enough to defray their requirements and also to enable them to acquire long term loans for redemption of land and payment of Sahukar debts. Undesirable greed for high dividends is obviously minimised by the provision that the annual dividend shall not exceed 10 per cent. Moreover, the contemplated reduction in the prevailing rate of interest charged on loans will assuredly still further lower this percentage of dividend. No fear of opposition from shareholders to the proposal for reduction in the rate of interest, when time comes, is apprehended, as all of them belong very nearly to the same status and contribute, barring few exceptions, only the same amount of annual share money. This healthy addition in the former by-laws was fully explained to the members of the old as well as new Societies and all of them have accepted it and got the same registered. In Kashmir Province, 275 Societies passed their decennial age on 31st Bhadon 1982 (16th September 1925). Out of this number, 265 Societies have settled their decennial accounts. Eight have postponed the settlement of their accounts as very little profits had accrued to them owing to a large number of persistent defaulters. The other two have since been brought under liquidation. 4164 members out of the total number of 5279 have completed ten years of their membership and have got their accounts settled. Their paid up share money of the 1st ten years amounts to Rs. 2,41,528 and the accumulated profits of ten years come to Rs. 2,35,187. After carrying Rs. 66,103 to the reserve fund, Rs. 1,49,879 have been added to the old shares and made non-returnable shares. Rs. 19,205 have been placed as deposits at the credit of the members who joined some years after the start of the Societies and have not consequently yet fully paid their share of Rs. 50. As soon as they complete 10 years, the amount kept as deposit in their respective accounts will be transferred and added to the share money in order to form non-returnable shares. Thus the owned capital of these 265 Societies is :—

Share money	...	...	Rs. 3,91,407	0	0
Reserve Fund	...	...	„ 66,103	0	0
Deposit of members		...	„ 19,205	0	0
			4,76,715	0	0

The amount available per member is Rs. 114 only but as soon as the remaining share money amounting to Rs.22,422 due from 1115 members who joined later is paid up, a further sum of Rs. 50 per member will be added to the share money of each member at the expiry of another ten years; adding to it also the reserved fund to be accrued in the next ten years, the amount available per head will evidently be quite ample and the help of the outside financing agency will be absolutely done away with. The members of these Societies repaid Sahukari debts amounting to Rs. 11,84,654 and 664 members have fully succeeded in extricating themselves from the usurious moneylenders within 10 years. The above results are no mean achievement of the working of 265 Societies during a short period of ten years especially when viewed in the light of the facts that nearly all of these societies suffered from lack of supervision and sound guidance and had also to remain practically dormant for about 5 years *i.e.*, half of their life time which were in the very worst and hopeless condition some two years ago. With the improved supervision, timely assistance and sound teaching of the co-operative principles, not only much better results are guaranteed but also the members have begun to realise that their dream of financial independence is soon reaching within bounds of actual realisation.

EXTRACTS FROM Mr. H. W. WOLFF'S LETTERS

To Mr, J. Gray our Registrar.

Report for 1923–24.

I have still to thank you for your most interesting report, which, in my still continuing want of full eyesight, I have had read to me and to the reading of which I have listened with great pleasure. I can only dictate a few notes on one or two points, not discussing the contents with the fulness with which, in view of the multitude of points reported upon, I should otherwise have wished to respond. Your report I consider most cheering. What delights me most is the grip of the principle which your un-official workers appear to have arrived at. That is most satisfactory and should be encouraged in every way by education and conferences. For it is to their work that we look for the enduring success of the movement. You know that I do not advocate financial State aid in the business of societies. But in support of education and propaganda, the State need not hold its hand. At the same time, I would offer my support to your protest against the demand for limiting State control. The completer control is, the better will be the service; and ultimate control must necessarily remain in the hands of the State.

Among the rank and file, the same grip of principle has evidently not yet been obtained. This is evidenced by the comparative failure of the agricultural trading movement and by the still continuing heavy accumulation of arrears in credit societies. Committees cannot be too

strict in exacting promptness of repayment on which of course the success of the movement entirely depends. In the course of time, you may expect that the evil complained of will grow less. For when the rank and file come to learn that it is to their own interest to insist upon prompt repayment since the society and its work are their own interest they will use sufficient moral pressure upon borrowers to repay.

Another cheering point in the report is the variety of applications which have been given to co-operation. India has so many wants that that co-operation can supply. You appear to have had a success in one or two store societies, but for the present we cannot look for a wide spread of that form of co-operation and in India you will naturally have to develop co-operation on indigenous lines rather than attempt to copy in a servile spirit what is done in Europe.

The Madras Central Urban Bank appears to be developing most usefully and creating a precedent deserving following elsewhere. One can also not fail to be pleased with the touch effected between provincial organizations, such as by the loans made by your apex society to the apex societies of other Provinces. That appears to forebode realization of your wish of the unification of the movement in its higher offices. The more you concentrate financial power in that quarter, the better you will do. The services rendered by the Imperial Bank and the deposits of public money show that the movement has confirmed its hold upon public confidence. In the apex banks, good latitude must be allowed for investment of moneys. In the lower grades of banks of course, the principle must be strictly observed that loans should be given only for reproductive outlays. Their overpluses in cash should go to the apex banks. Since one of the main objects of the movement is to promote thrift of which work very much appears still remain to be done, it would be impolitic to refuse deposits. The apex bank must accordingly have power to deal with its money with fuller freedom.

There are as I have said other points in your report which, while hearing that report read, I felt inclined to refer to. However, dictating a reply some time after hearing a paper read, is, as you doubtless know, rather a different thing from writing one oneself, with a matter fresh in one's mind and in possession of one's full eyesight. So please believe me to remain, with best wishes for your further success on the same right lines.

Report for 1924–25.

I have had your report read to me and listened to it with great interest. I always like to hear from the Whilom "Sleepy Province" now grown so active in co-operation.

Your report is so full of matter of the most diverse sort that I scarcely know, dictating from memory, on which points to touch. I am so glad to read of your stressing the points of rectification and education and training. With regard to this, I think that you are perfectly right in keeping your unions comparatively small and grappling with the larger work rather by Federations than with unwieldy unions. I am also glad to see that your people have decided to make unions comprehensive of all forms of co-operative credit. The confidence which your societies are awakening, betokened above all things by the readiness with which public bodies deposit their moneys with them, is highly gratifying and I quite endorse your suggestion that further measures ought to be taken for inter-connecting Provincial Banks so as to enable those overflowing like your seemingly admirable Central Urban Bank of Madras with other Provincial Banks in want of cash. At the same time, I rejoice to find that there are districts in which co-operative credit soeicties manage to raise all that they need for themselves. I am greatly interested in the work of your societies for the depressed and backward classes, the labour societies and the societies for reclamation of land. There is excellent work to be done on that ground.

Special Type Societies.

(i) Tanjore District Co-operative Manure Society Ltd., No. 1885, Nidamangalam.

The society was registered on 13th August, 1916 and started on its work by the organizer, Rao Saheb A. Sethurama Aiyar himself on 1st October, 1916.

Working. The objects of the society are to purchase bones, phospharic nodules, fish guano, oil-cakes, green manure seeds, and other manures, and to refine them or mix them to sell to members for cash the finished products such as bone-meal, flour phosphate etc,, and to do such other work as may be conducive to the furtherance of these objects and to do all other non-credit agricultural activities such as the distribution of selected paddy-seeds, cattle-food and co-operative experiments on demonstration plots by means of manures, implements etc. The above-said objects are carried out as follows :—

(1) Bones are being collected directly from depressed classes at a favourable rate to them and also from members, both individuals and societies The society supplies bonemeal immediately to members who supply bones, at the rate of 85 per cent of bone-meal for the weight of the bones supplied and getting the hire. The society has been purchasing bones from Field Labourers' Co-operative Societies also recently.

(2) Bone-meal is manufactured in the premises of the society itself by hiring the disintegrator and oil-engine owned by the Secretary, Rao Saheb A. Sethurama Aiyar, at moderate fees.

(3) Phosphatic nodules were purchased from Trichinopoly and powdered in the Disintegrator for 2 years but this was discontinued on the advice of experts as the disintegrator was not suited to the manufacture of flour phosphate and as only a ball mill was recommended for such work.

(4) The cost of sulphuric acid being prohibitive, superphosphate could not be manufactured from bone-meal and flour phosphate : but to obviate this difficulty, the society demonstrated the preparation of bone-meal compost and flour phosphate compost in pits with organic matter such as green manure leaves, and thus prepare a very cheap manure equivalent in value to superphosphates.

Co-operative purchase and sale :—Fish guano is obtained from the West Coast, wholesale, when it is cheap; oil-cakes from Salem and Coimbatore Districts. The oil-cakes are powdered in the disintegrator for the use of members when required.

Mixture manure suited to the Tanjore soil (as per the directions of the Agricultural Department) is also prepared by the Society by mixing bone-meal, flour phosphate, fish guano, castor cake, etc., in the required proportion.

Best Kolinji seeds and Indigo seeds are also largely purchased by the society from the Ayakkarambalam tract of the district for green manuring purposes. These seeds are found to be the cheapest form of manure.

The society turns out nearly as much work as the Agricultural Department in this District as regards the distribution of green manure seeds.

The society purchased Cambodia, Uppan and Karunganni Cotton seeds for cattle-food from the Coimbate District in the proper season' and sold to members in retail.

Selected paddy seeds are purchased from the Aduthurai Government paddy breeding station in the district for distribution to the members for seed purposes.

Agricultural implements such as light iron ploughs and triangular harrows are purchased from firms and from the Agricultural Department. The society demonstrates the advantages of these implements and sells them to the members who are satisfied on the advantages of these implements.

The following table shows the transactions of the society for the last eight years and the economic benefit attained by the members. (Table appended).

The experiments made by the application of the above manures on the members' lands conclusively prove that the results of the investigations of the Research Institute are quite right and thus the objects of the society are achieved really through co-operation. It has also been found that for every Rs. 10 worth of manure applied for an acre, the profit comes to about Rs. $2\frac{1}{2}$ or 25 per cent on the outlay.

If the hungry soils of Tanjore are properly fed, the ryots of Tanjore will have an economic benefit of $12\frac{1}{2}$ lakhs of rupees provided societies of this type are organized in very large numbers.

The society has been paying uniformly ever since its beginning 9 per cent dividend on the paid-up share capital and a rebate of two to six pies on purchases made by members. The society has been visited by a large number or gentlemen, who have recorded their opinions appreciating the work done by the society. Sir Henry W. Wolff wrote to the Secretary that " this healthy young child should grow into robust manhood."

A scheme is now under discussion of amalgamating this and the Shiyali Agricultural society and thus expanding the non-credit transactions.

Statement showing the transactions of the Tanjore District Manure Society, Nidamangalam, from 1916—1924.

Year.	No. of members.		Paid-up share capital	Purchases	Sales	Stock on June 30	Gross profit	Net profit	Investments.		Saving to the members
	Ind.	Soc.							R. F.	Share.	
(1)	(2)		(3)	(4)	(5)	(6)	(7)	(8)	(9)		(10)
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1916—17	44	...	445	1,441	920	595	75	37	...	...	400
1917—18	63	5	660	3,747	3,865	868	390	315	13	...	600
1918—19	71	13	800	5,541	5,662	1,159	411	281	92	40	4,000
1919—20	73	17	895	6,199	7,349	645	636	491	226	129	4,000
1920—21	78	21	970	5,675	5,425	1,301	649	471	586	310	5,000
1921—22	79	25	1,025	4,930	6,682	91	550	427	692	310	10,000
1922—23	81	27	1,060	11,927	10,439	2,056	481	253	799	310	40,000
1923—24	86	31	1,062	9,180	10,920	847	530	241	914	310	40,000
1924—25	86	38	1,962	8,895	10,031	430	718	491	1,097	310	40,000

(ii) Trichy Co-operative Printing and Publishing Society.

The accounts of the Trichinopoly Co-operative Printing and Publishing Society Ltd., No. 7276, in Trichy town, for the year ending with 30-6-26 as audited by M. R. Ry., N. S. Rajagopala Ayyangar, Inspector of Co-operative Societies, Trichinopoly Circle, are passed. Statements of Receipts and Charges, Profit and Loss, Assets Liabilities, as furnished by him are appended to this order.

There were 101 individuals and 13 societies as members with a paid up share capital of 8530 at the end of the year as against 89 individuals and 16 societies with a paid up share capital of Rs. 7500 at the end of the last year. It is hoped the society will attract more of society members with a sufficient paid up share capital in the current year.

The society did not borrow any thing from the District Bank in the year but it approached the Bank for the grant of extension of time for the overdue amount of Rs. 3,000. The outstanding balance to the District Bank at the end of the year was Rs. 6950.

The society earned a net profit of Rs. 509-5-0, out of which one-fourth should be carried to the Reserve Fund. The society is requested to remit this sum, viz., Rs. 127-7-10, together with the arrear dues of the past year of Rs. 20 4-7 less Rs. 56-11 2 interest allowed on the Reserve Fund for the year 24-25 *viz.*, Rs. 91-1-5. With this, the total to the credit of the Reserve Fund comes up to Rs. 1685-6-4. As per by-law, another one-fourth of the net profits for the year Rs. 127-7-10 goes to depreciation fund. But the Board of Directors have recommended to the general body to do away with this provision and the decision of the General Body is invited. The balance is available for distribution as dividend to the shareholders. The low margin of profit in the year is due to the fact that the society had to write off amounts of irrecoverable items to the extent of nearly Rs. 574-9-9. It is hoped the Society will recoup this loss in the current year.

The Society has to collect nearly Rs. 1,635-8-7 on the last day of the year from its customers. It is rather heavy and should be reduced to a small minimum. The society convened and held 2 General, 12 Board of Directors and 9 Executive Committee meetings during the year.

O. N. RAMASWAMI AIYER,
Deputy Registrar, Trichinopoly.

Kallakurichi Agricultural and Industrial Co operative Society Ltd.,

Extracts from the Audit Certificate for the year ending 30th June, 1925.

General Progress.

This is the eighth year of the Society's working and during the year there has been an all round development. Membership rose from 178 under individuals and 93 under societies at the beginning of the year to 185 and 96 respectively at the end, and share capital from Rs. 33,545-15-6 to Rs. 35,778-7-6. The subscribed share capital of societies on 30—6—1925 was Rs. 61,150 out of which the uncollected reserve liability amounted to Rs. 25,372 as against Rs. 26,004 in the previous year.

Activities.

During the year, the factories at Kallakuruchi and Sankarapuram turned out satisfactory work ; and encouraged by the success achieved, two more branches were started since the close of the year—one at Rishivandyam, a place on the Kallakuruchi- Tirukkoyilur road 14 miles from Kallakurichi and the other at Mudiyanur about 6 miles from Kallakurichi. In every one of these branches, provision has been made for hulling paddy and decorticating groundnuts. In addition, the Kallakurichi Branch undertook during the year sugarcane crushing and Jaggery manufacture in a large meesure and also successfully ran a model sugarcane farm for the cultivation of improved varieties of sugarcane. The demand for seed sets of these varieties has been so great that the society had to sell away the entire produce as seed sets. The society has in a measure successfully educated the ryots of Kallakurichi to realize the advantage of cultivating improved varieties of sugarcane in preference to the local variety which is poor in quality and in yield. In addition to these activities, the society has also demonstrated the cultivation of a good variety of groundnut and other dry crops such as ragi, kambu, horse gram, red gram, *etc*, in its farm lands extending to 8 acres acquired during the year.

In para. 8 of last year's audit order, reference was made to the undertaking of a scheme for crushing oil from groundnut. The scheme has not yet matured and it is for the society to consider how far it will be advantageous to push through this scheme.

Finance.

More than 60 per cent of the capital invested in the machinery *etc.*, of the society has been contributed by members, individuals and societies, by way of share capital, and the balance has been taken as a loan from the District Bank, South Arcot. The society also enjoys the benefit of an overdraft of Rs. 5,000 from the District Bank and Rs. 10,000 from the Imperial Bank of India. During the year under report, it drew Rs. 17,528 from the former and Rs 7,654 from the latter and repaid Rs. 18,505 and Rs. 5,841 respectively. The amount that was due at the end of the year including the amount that was outstanding at the end of the previous year amounted to Rs. 20,633 in the case of the District Bank and Rs. 8,471-4-1 in the case of the Imperial Bank of India Since the close of the year, the society had a loan of Rs. 18,600 from the Government under State aid to Industries Act and out of this Rs 15,000 has been paid to the District Bank towards its dues and the balance reserved for the construction of godowns.

Income.

The income derived during the year both from the Main Factory and its branch under the several items of activities was as shown below as compared with the figures for the previous year.

	Main Factory.						*Branch Factory.*					
	1923—24.			1924—25.			1923—24.			1924—25.		
	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.
Huller ...	5,379	3	9	4,780	0	8	5,334	6	4	3,974	4	0
Decorticator ...	867	1	7	1,557	11	6	949	6	0	2,800	5	5
Flour Mill ...	233	14	10	174	5	1	......			......		
Sugercane Mill ...	416	4	10	1,610	1	4	......			......		
Sale of Husk manure and garden produce	135	15	9	76	8	2	47	1	6	470	7	9
Miscellaneous ...	114	13	11	256	4	1	......			......		
Total ...	7,147	6	8	8,454	14	10	6,330	13	10	7,245	1	2

	Rs.	A.	P.
From farm cultivation.			
(*a*) Sugarcane	124	4	11
(*b*) Ground nut	43	7	8
(*c*) Other dry crops ...	63	3	1
Total ...	230	15	8

Though the income under huller has shown a decrease, the income under sugarcane crushing and groundnut decorticating has considerably increased. The factory income as a whole has shown an increase of Rs. 2,221-11-6 over last year's figures.

Net profits.

The society earned during the year a net profit of Rs. 3,898-9-6 after allowing the usual depreciation and other charges. Of these one-fourth viz., Rs. 974-10-4, should be carried to the credit of reserve fund under bylaw No. 23. The balance of Rs. 2,923-15-2 is available for distribution amongst members as dividend and this will enable the Board of Management to give a dividend not exceeding 7 per cent.

Reserve Fund.

The amount to the credit of the reserve fund at the end of last year was Rs. 1,600-15-9 and with the addition now ordered in para 7 above, the total to the credit of this fund will be Rs. 2,575-10-1. Against this there is an investment of Rs. 1,616-15-1 in the South Arcot District Bank. The Society is requested to remit Rs. 958-10-2 to that Bank to the credit of the above said fund.

The results of the year are gratifying and the Board of Management is congratulated on the success achieved. The unabated enthusiasm and energy of the Vice-President, M.R.Ry., D.P. Thathachariar Avergal, M.A. and the President, Rao Sahib M.R.Ry., Kulandavelu Udyar, deserve special mention.

A. RAMANUJACHARI,
Deputy Registrar, Madras.

The Kumbakonam College Students' Co-operative Society Ltd.,

Audit order for the year ending 30th June 1925.—Extracts

This is the third year of the working of the society. The number of members slightly increased from 84 at the beginning of the year to 87 at the end of the year while the paid up share capital fell from Rs. 155-13-0 to Rs. 135-10-8 during the same period. The fall in share capital is mainly due to the termination of the academic life in the case of several students who therefore left the area of operations of the society.

During the year, the society purchased stock worth Rs. 1,574-11-10 and with the stock of books worth Rs. 350 at the beginning of the year, it realised a sum of Rs. 1,625-15-2 by sales, thus earning a gross profit of Rs. 101-7-10 leaving stock worth Rs. 350 at the end of the year.

The society earned a net profit of Rs. 76-14-6 of which Rs. 32-10-11 should be credited to Reserve fund as per bylaw No. 36. The balance of profit is available for distribution as bonus, dividend, according to the limitation laid down in the same bylaw 36 (2 and 3). With this addition and the amount of entrance fees of Rs. 6-12-0 which should also be credited to the Reserve fund under bylaw No. 7, the total of reserve fund will then amount to Rs. 251-9-10.

The society is requested to remit a sum of Rs. 30-2-1 towards reserve fund of the society exclusive of the excess of Rs. 9-4-10 held in its credit with the Central Bank, Kumbakonam.

O. N. RAMASWAMI AIYER,
Deputy Registrar, Trichinopoly.

REGISTRAR'S CIRCULARS.

I

C. 1645/26 *16—5—1926.*

Subject : Maximum borrowing power of non-credit societies—determination of—amendments to model bylaws.

In the organisation reports of Stores and Loan and Sale societies received from Deputy Registrars, the Maximum Borrowing power in bylaw 15 is usually fixed at five times the paid up share capital and reserve fund. Under resolution against Subject No. 3 of the departmental conference of the Registrar with his assistants held on 3rd to 8th March 1924, trading unions and stores should not ordinarily look to a Central Bank for financial assistance but should depend on their own paid up share capital and their members' deposits; though such of them as undertake the sale of produce on behalf of the members may legitimately borrow from a District Central Bank on the pledge of such produce.

2. It appears necessary to embody the substance of this resolution by suitable amendments in the bylaws of such societies so that this idea may not be lost sight of when such institutions propose to borrow funds.

3. As for store societies, the entire model bylaws need revision and a draft revised model is under preparation. A copy of it will be sent separately to Deputy Registrars for scrutiny so that it may be considered at the next departmental conference.

4. As for loan and sale societies the following alterations will be made in bylaw 15 of the model bylaws for such societies, and existing loan and sale

societies should be asked to introduce an amendment on these lines as soon as possible.

(i) Insert as the second proviso to the first sentence the following :

"secondly that the entire amount so borrowed shall be covered by loans granted to the members on the pledge of their produce." and

(ii) substitute " thirdly " for the word " secondly " in the first sentence

(By Order)

R. DESIKACHARIAR.
Manager.

II

DATED 5TH JULY '26.

No. C. 2108/26

Subject : Loan and sale societies.

The organisation reports of loan and sale societies received from certain circles disclose that the fundamental principles underlying the constitution of Societies of this class have not been fully appreciated.

2. In the first place, a loan and sale society is intended to help agriculturists (producers) to sell their own produce at the most favourable market. In admitting members under by-law 5, and in granting loans under by-law 44, care should be taken that merchants are not allowed to take advantage of such societies for purposes of their trade. Even agriculturists should be accommodated with loans by such societies on the security of their own produce only. To make the intention clear, the first portion of by-law 5 of the model by-laws for such societies will be recast as follows :—

> " Any agriculturist over 18 years of age who is competent to contract, owning or cultivating land within the limits etc"

and in the first sentence of by-law 44 the phrase " Produced by the borrowing member and" will be interpolated between the words " produce" and pledged".

3. Secondly, loans should be granted by a loan and sale society only on the security of the agricultural produce *pledged* to the society and *placed in its custody* (by-law 44) and also *insured* (by-law 29). No loans should be granted by such societies on other security *e.g.*, personal surety, standing crops or immovable property.

4. Thirdly, as has already been pointed out in the Registrar's *Circular No. C. 1645 of 1926* dated the 16th May 1926, the entire amount borrowed by a crop loan and sale society should be covered by loans granted to the members on the pledge of their produce. In some cases, 5 times the owned capital is suggested as the maximum borrowing power, while in others as much as 8 times is proposed by the promoters of such societies. Five times the owned capital should be the ordinary limit for such societies. But where facilities are provided

for the central bank to check the stock, and the Central Bank is allowed to hold the keys of the godowns in which the pledged produce is kept, there is no objection to such societies borrowing as much as eight times the "owned capital".

(By Order).
R. DESIKACHARIAR,
Manager.

III

B. 1298/25

DATED 17TH JUNE 1926.

Subject :—Governing body of local unions—restriction of membership.

Ref :—Resolution on subject 11 of the conference of the Registrar with the Deputy Registrars held in October 1925.

Deputy and Assistant Registrars are informed that in view of the fact that opinion amongst co-operators is apparently divided on the subject matter of the resolution referred to above, the Registrar is of opinion that by-law 15 of the model by-laws for local unions may be left unaltered. If any local union desires to restrict the field of selection for membership of the governing body to the representatives (*i.e.*, delegates) of affiliated societies, instead of leaving it open to all members of affiliated societies, it may amend its by-laws accordingly and the amendment will be registered. It will be left to local unions themselves to decide which system to adopt. Deputy and Assistant Registrars are requested not to make any attempt to enforce resolution No. 11 of the Deputy Registrars' conference held in October 1925.

(By Order)
R. DESIKACHARIAR,
Manager.

IV

No. B. 1343/26

Dated 13—7—1926.

Subject :—Agricultural non-credit work—development through Co-operative Unions.

Rural co-operators are aware that officers of the Agricultural Department generally attend their co-operative conferences such as district or taluk co-operative conferences, district conferences of representatives of local unions,

and conferences of co-operative inspectors and supervisors, and take advantage of these meetings and conferences for the purpose of giving lectures and demonstrations regarding improved methods of cultivation or regarding the seed manure and implements best suited to local conditions. As a result of such propaganda, a considerable amount of agricultural work is now being done through co-operative societies. In some areas, special societies have been formed to demonstrate the improved methods of cultivation taught by the Agricultural Department.

2. In order that the benefits to be derived from the adoption of the scientific methods of cultivation taught by the Agricultural Department may become more widely known to the ryots of the Presidency, it is desirable that the fullest possible use should be made of co-operative agency both for propaganda and for distribution of improved seeds, manure and implements. With this object in view, the Director of Agriculture has agreed that local supervising unions may be recognised as depots for the sale of manure, improved varieties of seed, implements *etc.*, This means that local unions will take over the stocking and distribution of these articles on behalf of the Agricultural Department. For this purpose, they will of course have to deal not only with their members but also with a certain number of non-members. The conditions under which they will be allowed to undertake this work will be as follows :—

(1) The sales from the depots will be on a cash basis;

(2) The sale proceeds will be remitted immediately to the credit of the Agricultural Department ; and

(3) The local unions must make very careful estimates of their requirements and on this understanding, the Agricultural Department will take back stock other than seed which the unions are unable to sell. In the case of indents for seed, estimates of requirements should be prepared with special care and every endeavour must be made to sell the entire stock. It would obviously be unfair to dump large quantities of unsold seed of the Agricultural Department at the end of the season, that is, at a time when there is no market for seed and the seed is therefore useless.

3. Such unions as are desirous of taking advantage of this concession given by the Agricultural Department and as in the opinion of the Deputy Registrar are competent to manage the business may send applications indicating their requirements to the Deputy Director of Agriculture of the circle in which the unions are situated.

4. Existing rural credit societies or local supervising unions may also undertake the multiplication and distribution of improved seed and the sale of implements. Wherever necessary, separate seed societies may be started for the purpose. Selected rural credit societies or local unions on behalf of such societies will purchase the improved seeds from the Agricultural Department. The members who buy the seed from such societies will undertake to return to their societies a certain definite proportion of their out turn for sale as seed to

other societies in the neighbourhood affiliated to the same supervising union. The details in each case must be worked out by the Deputy Registrar in consultation with the local officer of the Agricultural Department whose advice will be necessary at the outset in regard to the methods of cultivation.

5. The Registrar urges co-operative societies all over the Presidency to take full advantage of the opportunities given by the Agricultural Department and to utilize them for the benefit of their members and of the other ryots in areas.

(By Order)
R. DESIKACHARIAR,
Manager.

Resolution No. 5 of the Proceedings of the Conference of the Registrar with the Deputy Registrars held at the Office of the Registrar of Co-operative Societies, Madras, on the 29th March 1926 and the following days.

Subject No. 5. Is it desirable to permit the collection in whole or in part of arbitration costs from the defendants in arbitration cases (to cover the travelling allowance of the arbitrators) or is not such a course open to serious objections?

Resolution.

The Conference is of opinion that it would be illegal to include the travelling allowance of an arbitrator as costs in the amount decreed in the award. The travelling allowance of the arbitrator cannot therefore be recovered from the defendant nor is there any provision of law by which it can be recovered from the society.

If it is impossible to secure a local arbitrator whose appointment will involve no expenditnre under travelling allowance and if no Honorary Assistant Registrar can be appointed, the local union should be asked by the Deputy Registrar or the Assistant Registrar as the case may be, whether it has any objection to the appointment of a particular member of the governing body, whom the Deputy Registrar or the Assistant Registrar proposes to nominate as arbitrator, and to that director being sent to the village to hear the arbitration cases at the cost of the union.

E. 940/26

DATED 1ST JULY 1926.

An extract of resolution No. 5 of the Conference of the Registrar with the Deputy Registrars held on 29-3-26 is communicated to all Assistant Registrars, Secretaries of local unions and Inspectors for information and guidance.

Copy to the Federations and Central Banks.

A. RAMANUJACHARIAR,
Deputy Registrar.

Correspondence and District News.

Letter dated 11th June 1926 from the Secretary, The Madura-Ramnad District Co-operative Federation Ltd., to the Registrar of C. S., Madras and the Registrar's reply.

Subject : Contribution by Central Banks of a portion of their Common Good Fund towards the working expenses of Dt. Federations.

Sir,

At the time of starting of the District Federation, it was suggested by some of the members present that, in view of the very slender resources of Supervising Unions, the District Financing Banks might be moved to contribute a portion of their Common Good Fund towards the working expenses of the Federation. As a result of the discussion that followed, it was resolved that the suggestion be referred to the Registrar for opinion. In this connection, I may state that, in the Bye-law of the Financing Bank relating to Common Good Fund, Education is specified as one of the purposes for which the Fund may be utilised. Having regard to the fact that the main function of the District Federation is Education and Propaganda, there would seem to be no objection to Common Good Fund being used for the purpose. I beg to solicit the favour of your orders.

I have the honour to be,
Sir,
Your most obedient servant,
P. KRISHNASWAMI SASTRI,
Secretary.

Registrar's reply Dis. B. 1970/29, 4th July 1926.

I have no objection to the proposal if the general body of the Bank is agreeable to it.

Yours faithfully,
(By Order)
(Sd.) R. DESIKACHARIAR,
Manager.

The Building Co-operative Society, Bangalore—From 35 on its rolls in 1911-12, membership rose to 377 in 1924-25 and out of a total loan of Rs. 293 and odd thousand issued to 370 members, a sum of Rs. 235 and odd thousand has been recovered, the balance being collected in easy instalments from 112 members. The outstanding amount is fully secured by mortgage of house properties. Without a share capital of its own, the society has so far transacted business to the extent of nearly 14½ lakhs and earned a net profit of Rs. 16,305 having built a reserve fund of Rs. 10,000.—*Hindu, 22nd July.*

* * * * *

The Assistant Registrar, South Arcot, started on July 17th the South Arcot District Audit Union at Cuddalore. Mr. R. Srinivasayengar of Tirukoilur was elected as president and Mr. C. Venkatesayar as Secretary. Mr. Ismail Saheb represents the union in the District Bank.

* * * * *

At the general body meeting of the Srirangam Credit Society held on 10th July, considerable discussion ensued as to whether a member against whom a decree was passed could attend the meeting, as according to the rules his membship ceased *ipsofacto* with the passing of the decree but it was contended that such a member could take part so long as the member was not informed of it in writing and this contention was allowed.—*(Hindu, 15th July.)*

* * * * *

Dr. Norris of the Indian Institute of Science, Bangalore, presiding over the conference of the Agricultural Students' Union on July 13th at Coimbatore said that agricultural education should be imparted in the vernacular and no lack of finance should stand in the way of agricultural improvements. He concluded by saying that instead of dissipating the energies of workers on different problems in several provinces in India, it would greatly conduce to progress if Government and the workers were really keen on organisation and co-operation—two key words in any scheme of agricultural research and improvement.

* * * * *

Government have appointed a Committee of officials and non-officials to formulate the general lines on which the case for the Madras Presidency should be presented to the Royal Commission on Agriculture. The following are the members of the committee :—

(1) The Director of Agriculture, (2) The Registrar of Co-operative Societies, (3) The Commissioner for Land Revenue, (4) The Secretary, Development Department, (5) The Zamindar of Chunampet, (6) The Zamindar of Mirzapuram, (7) The proprietor of Uttamapalayam, (8) The Proprietor of Kayapakam, and (9) Rao Bahadur C. V. S. Narasimha Raju.—*(Hindu, 13th July.)*

* * * * *

A coir Industrial Co-operative Society is to be started under the management of the Labour Association, Tellichery.

* * * * *

The new building of the Agricultural College, Coimbatore, was opened by His Excellency Lord Goschen on July 9th.

* * * * *

The Kallar Common Fund Committee presented an address to His Excellency Lord Goschen at Usilampatti on July 22nd which indicated the various activities undertaken in the area by the Committee.

* * * * * *

The West Godavari Congress Committee has issued its sub-committee report on the Irrigation Bill, dated 12th July, that 'it would prefer the civil court and the legislature to the executive and its staff to be the custodians of the ryot's rights even at the cost of delay, expense and administrative inconvenience.' It has also recommended that the Legislative Council shall not forego its right of laying down the rates of watercess.

* * *

At the annual general meeting of the Bengal Provincial Co-operative Bank, Mr. B. N. Sircar pleaded for more intimate relationship between the Imperial Bank and the Provincial Bank, and warned that mortgage credit should be undertaken only by special institutions. At the same meeting, Mr. K. C. De, member, Revenue Board, spoke on the importance of financing sale of crops and the bank placed Rs. 20,000 at the disposal of the Bengal Co operative Organisation Society for promoting sale societies.

* * * * * *

Only 40 students were admitted in the Coimbatore Agricultural College and about 130 applications were rejected by the Development Minister during the current year.—*A correspondent. Hindu, 10th July.*

* * *

Paddy cultivation in kole lands in Cochin has suffered from draught during the last 25 years and more and a non-official committee appointed at a public meeting has recommended distribution of small agricultural loans and seed paddy etc., on easy terms to the cultivators.

* * * * * *

Mr. T. Audinarayana Chettiar delivered an instructive address on education in Europe and India on the second anniversary day of the Pollachi Teachers' Association on July 8th when he referred to the need of giving an agricultural bias to education in rural High Schools.

* * *

The report of the Fisheries Department for 1924-25 indicates the failure of the ordinary type of Credit Societies. The extract relating to this portion is given below. "The Co-operative Societies have not worked satisfactorily because of the poor fishing season for the last 3 years. One of the societies ceased to function as its account books were lost by the President and the matter is under investigation The secretary of another society misappropriated a large sum of money and he was prosecuted and punished." The statistics relating to the transaction of these societies show that there has been considerable decrease in the total number of members, the amount of paid up share capital etc. These and other defects could be remedied only by intensive supervision and for which the Director proposes to have itinerant fishery officers. The Government further hope to devise a form of co-operation the immediate positive advantages of which are within the fisherman's capacity to appreciate and are considering proposals to grant a loan of Rs. 1,500 each to two societies.

* * *

The Telegraph Co-operators' day was celebrated on July 7th when Sir K. V. Reddy presided and Mr. T. K. Hanumantharau delivered a lecture on 'Consumers' Co-operation'.

* * *

At the meeting of the Directors of the Coimbatore Urban Bank Ltd., held on Sunday 27th June, Mr. N. Subramanyam moved that the lending rate of interest to societies should be reduced from 8 to $7\frac{1}{2}$ per cent and the rebate to unions shonld be increased from 4 to 8 As. Both the subjects were postponed consideration till the final audit of the Bank was over. Regarding concurrent audit, it was resolved that the Government should do it once a quarter.

* * *

Mr. C. Gopala menon, M.L.C. has followed up his previous article on Co-operative banks by another interesting article on the possibilities of the movement in the Hindu of July 3rd.

* * *

Madura District Public Servants Co-operative Society have resolved in their general meeting of June 28th to organise a chit fund for the members.

* * *

At the quarterly meeting of the Board of the South Arcot District Co-operative Bank held on June 27th, it was resolved that each Director of the Bank should take up one bad society for rectification, that each union be requested to prepare a list of societies in which there is chronic indebtedness with special reference to the overdues of Panchayetdars in a form to be prepared by the bank, that long term loans be given in accordance with the resolution of the recent conference of Central Banks and the rate of interest on Local Board deposits be reduced from $6\frac{1}{4}$ to 6 per cent. Mr. Devasikamani Mudaliar's scheme raising long term loans was approved.

* * *

The Hon. V. Ramdas presiding over the Libararies' Conference on June 28th has suggested how the rural Library movement can assist in the furtherance of agricultural co-operation and be in turn assisted from the common good fund of Co-operative Societies.

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A Co-operative audit union was formed on 23rd June at Dharmapuri with Mr. E. Subramania Pillai as its President and Mr. Siddaveerappa Chettiar as its Secretary.

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The Hood Co-operative Institute for doing propaganda work in the Tanjore District was opened by the Governor of Madras on 19th July.

EXTRACTS FROM THE PROCEEDINGS OF THE MADRAS PROVINCIAL CO-OPERATIVE UNION.

1. General body meeting, 5-4-26, 7-30 a. m.

Among those present were Mr. A. Sivarama Menon (Chairman), Messrs. P. Ramanathan, and V. C. Rangaswamy representing the C. C. P. Works and M. C. U. B. respectively, 18 delegates from Central Banks, 16 from Urban Banks, and 74 from Supervising Unions, Trading Unions and District Federations.

I. The Annual Report of the Union for 1924-25 was read, translated into Tamil by Mr. Adinarayana Chettiar, and adopted unanimously.

II. The following members were elected to the Advisory Body :—

(i) *by Central Banks' Representatives :* Messrs. T. Adinarayana Chettiar, G. Srinivasaraghavachariar, H. Siva Rao, A. Rajabadar Mudaliar, and A. Nagaraja Aiyer.

(ii) *by the representatives of Primary Non-agricultural Societies (Limited) :* Messrs. K. S. Madhava Rao, and M. K. Pattabhiram.

(iii) *by the representatives of the local unions, trading unions, and District Federations :* Messrs. G. Sriram Babu Naidu, A. Narayana Rao, N. Satyanarayana, K. Sundararaja Iyengar, M. S. Seshachala Iyer, T. Venkataraghavan, L. Gangadara Sastri, T. V. S. Prakasa Rao, K. Venkasami Rao, P. A. Subramania Iyer, Parasurama Rao, and Venkoba Rao.

Messrs. P. Ramanathan and V. C. Rangaswamy, the representatives of the two Provincial Societies, viz., the C. C. P. Works, and the M. C. U. B. respectively, came in directly as the members of the Advisory Body.

The Advisory Body elected the following members to the Governing Body :—

Messrs. T. Adinarayana Chettiar, M. S. Seshachala Iyer, G. Srinivasaraghavachariar, and N. Satyanarayana.

The General Body met again at 5 P.M. and resolved :—

(I) That the number of the Secretaries of the P. C. U. be reduced from 5 to 3.

(II) The following were elected as the Office-bearers of the P. C. U. in addition to the Governing Body members elected by the Advisory Body.

Messrs. V. Ramdas (President), A. Ranganadha Mudaliar, (Vice-President), T. Srinivasa Rao, K. G. Sivaswamy, and S. K. Yegnanarayana Iyer (Secretaries).

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2. Governing Body Meeting of the P. C. U. at M. C. U. B. on 9-5-26.

The Governing Body deputes Mr. A. Ranganatham to be a member of the Committee (re : grant of extensions as per the resolution of the Provincial Conference) to frame the questions, make necessary enquiry and report to the P. C. U. The Secretary, Mr. K. G. Sivaswamy, will assist Mr. Ranganatham.

3. Governing Body Meeting, 1-8-26.

Resolutions:—Read copy of letter from the Secretary, Trichengode C. S. Ltd, to the Government of Madras, re : the treatment accorded to the members of the society by Mr. Nayagam—

'The Governing body considers that the matter should be discussed by the society in the first instance and that its opinion should be recorded in the form of a resolution and the same communicated to the authorities concerned for such action as the society may desire in that behalf.'

2. Read correspondences re: information about the disposal of arbitration cases, between the President of Tiruvannamalai Union and the Registrar and Deputy Registrar—

'The Governing Body is of opinion that the Union as the supervising authority should be afforded facilities for stimulating collections and consequently resolves to request the Registrar to arrange to furnish each union with a monthly statement of arbitration cases disposed of during the month, with particulars of disposal.'

3. Read communication regarding guarantee for the Indian Co-operative Magazine from Mr. Gray, President of the Preliminary Committee of the Registrars' Conference:—

"The Governing Body is of opinion that at the present stage of the development of the Co-operative Movement the proposed magazine is not necessary; and that the question of an All-India Magazine is one to be tackled by an All-India Non-official Co-operative Institute whose formation is a matter of greater urgency."

4. Read Mr. V. Rangachariar's proposal about audit and the resolution of the Madura-Ramnad Central Bank on the same:—

"Resolved to request Messrs. Rao Saheb Srinivasa Rau, G. Srinivasaraghavachariar and M. S. Seshachala Iyer to consider and report on the question at the next meeting, and in the meanwhile the matter be also referred to the Standing Committee of the Central Banks' Conference for its opinion and such action as it may deem fit to suggest.

5. Read resolutions of the Mukundagiri Co-operative Union and Chingleput District Federation regarding the Proceedings of the XIV Provincial Co-operative Conference.

"Resolved to place the matter before the General Body of the Union for necessary action".

6. "Resolved to inform the Secretary, South Kanara Central Bank that the matter is engaging, the attention of the Working Committee of the Central Banks' Conference and that his communication has been forwarded to the committee. A Copy of the suggestion made by the Chittoor Central Bank for the consideration working Committee may also be forwarded."

7. 'The Governing Body is of opinion that the Namakkal Urban Bank should, in the first instance, consider the conduct of the official concerned and record its opinion in the form of a resolution and communicate the same to the authorities concerned.'

(Sd.) V. RAMDAS,
President.

NOTES AND NEWS.

The Royal Commission on Agriculture.

The discussion in the Council of State on the Agricultural Commission, the Viceroy's speech in the last session, the correspondence between the local Governments and the Government of India on the question, and the speech of the present Viceroy at the conference of Ministers and Directors of Agriculture furnish sufficient material to leave the scope of work of the commission appointed for the development of agriculture. The Bombay Government in their correspondence raised the question that a Commission as the present one would require local investigation to follow it up and also a large expenditure for adopting a development policy. Behar raised the question of the difficulty of making All-India recommendations as tract to tract differed in agricultural conditions, social habits and rural economy. When these views were quoted by the Hon'ble member of the Council of State, Sir Md. Habibullah replied that the local governments would always be consulted in each province regarding provincial problems. The Hon'ble Mr. V Ramadoss after referring to the small extent of land available to every agriculturist *viz.*, 3/4 of an acre, and appreciating the hard industry and intelligence of the ryots of this counry, while at the same time welcoming any fresh knowledge from the Western Agricultural Science, pointed to two suspicious lurking in the public mind. He said that there was a public feeling whether the present commission was intended to enhance land revenue. He also referred to another public sentiment whether the recommendations of the Commission would merely benefit outside agencies which import chemical manures and implements. The discussions elicited the fact that though land revenue and tenancy problems were excluded from the scope of the commission, it would be permitted to take evidence on these questions to what extent they affected agricultural prosperity.

The recent speech of Lord Irin makes a prominent reference to the importance of agriculture in this country from the point of view of World Commerce and India's position in the markets of the world. Opinions differ on this aspect of the question. There is always a school of thought which, fortified by the experiences during the War, would emphasise the self-sufficiency of each nation regarding the necessary articles of consumption. What do the masses gain, according to this school of thought, if more markets in the world are conquered? We should aim more at raising the local average happiness by securing more abundant food from local sources. Surplus goods alone should be disposed of to other countries. There is the other imperialistic school which is ambitious of capturing foreign trade in the markets of the world. For ourselves we are not concerned with these different schools of thought but we do really hope that any scheme of development of national wealth which dces not take into account a fair distribution of economic returns to the ryot will not conduce to his happiness.

The Viceroy also dealt with the subject of the welfare of the Indian agriculturist but we regret that it should have been given a secondary place in his speech. He, no doubt, refered to the important question of investigating the economic condition of the peasantry, how far it has improved along with the increasing wealth of the country. This is the vital problem which every friend of the ryot has to grapple with. The terms of reference of the Commission as expressed in the speech of Lord Reading indicate that it would be asked to deal with the problems of agricultural credit and marketting. Effective combinations among ryots for raising credit and for transporting their commodities would alone conserve their legitimate agricultural income.

The Viceroy also referred in his speech to the importance of scientific agriculture. It is better we analyse its value to the ryot at the present time. His weak bulls are unable to draw some of these improved ploughs. Steam tractors are out of question where land is divided into fragmental holdings. Irrigation works will involve large expenditure on the part of the state. It is not possible to expect small ryots to go in for oil engines. Chemical manures are costly and they depend on the quality of the land to be really useful to the ryots. The facilities for the repair of implements are few and far between. Diseases to crops might be prevented, but this again depends on the existence of a large staff which devotes itself earnestly to the task and the receptiveness of the ryot to new ideas. Under existing conditions, therefore, what is required is not the promotion of agriculture on a scientific basis but the establishment of those conditions of living which would create an atmosphere for the gradual spread of scientific and advanced methods. In other words, rural conditions should be made attractive as to infuse a ray of enthusiasm into the ryots. It is here that the present commission can really benefit the country. One of its terms of reference is the consideration of those factors affecting rural prosperity and the welfare of the agricultural population, and we hope that the largest attention would be devoted to this problem.

Really the Commission would have to investigate the question in co-operation with several departments. With the aid of the Educational Department, it would have to consider problems relating to adult education and making it in the words of Addison "an agreeable instruction and a useful diversion." With the aid of the Co-operative Department, it will have to devise methods for the organisation of credit for redeeming the ryot from his chronic indebtedness. With the aid of the Industries Department, it should formulate steps for the development of agricultural industries which would not only help the conversion of raw into marketable produce, but also the development of those industries as extraction of oils and manufacture of soaps. The resuscitation of cottage industries is one of the important problems which the Commission will have to face. With the aid of the Irrigation Department, the Commission will have to consider schemes of restoring tanks, digging wells, the use of power for water-supply, and irrigation projects. Dry tracts suffering from scarcity of water consist of a population whose earning capacity is very poor and subject to the fluctuation of the seasons. Emigration from such areas is quite normal and their peculiar questions should be tackled in all earnestness. With the aid of the Local Self-Government Department, questions relating to communications will have to be considered by the Commission. Not only this, sanitation and medical relief will need much attention, as the staying power of the ryot is dependent on healthy conditions of living. More than all, the place of voluntary agencies in supplying the missionary zeal for organising agriculturists will demand not a little consideration at the hands of the Commission. The facilities given in other countries for agricultural and county associations might as well be required here. And how far should the State encourage them is a matter on which details will have to be worked out. We hope that this phase of the problem of creating conditions which would make the ryots self-reliant, and self-respectful, which would liberate an outlook eager for fresh knowledge and receptive of fresh ideas, and create the spirit of enterprise to initiate new ventures, this larger problem of making rural life attractive, would receive as much earnest attention of the Commission as the spread of scientific agriculture or the growth of export trade of India.

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Amalgamation of the three Development Departments.

In the article headed 'Co-operation, Agriculture and Industries published in our Bulletin for January 1926, Mr. G. Srinivasaraghavachari, Retired Deputy Collector and A. R. of C.S. Madura, while urging strong reasons for the amalgamation of the three departments of Co-operation, Agriculture and Industries into one, pointed out that the discoveries as a result of the researches and experiments made by the Agricultural and Industrial Departments might well be brought home to the minds of the ryot population through the more numerous officers of the Co-operative Department and that, with a view to enable these officers to do this work efficiently, all future vacancies in the Co-operative Department should be filled up by Graduates in Agriculture with Co-operative training. In support of the view urged by Mr. G. Srinivasaraghava Chari, we would invite the attention of our readers to the following extract from an article, published in pages 326 and 327 of the Bihar and Orissa Co-operative Federation Gazette, 1925 September and December issue.

"Those who are in close touch with the Agricultural classes in the province will readily agree that, if an improvement has to be quickly broadcasted, its utility must be demonstrated in the ryot's fields. But, for this, two things are necessary, an effective agency to persuade the ryots to try what to them must be in the nature of an experiment, and a staff of experts to supervise these experiments and make them a success. Till very recently, both these essential factors had been absent. The Agricultural Department had no adequate staff to carry on propaganda in favour of any improvement. Even if they had, they would have probably made very little head-way, because they would have had to deal with individual cultivators whose inborn reluctance to try new things would have been an effective bar, or if this difficulty was overcome, the proposal would have proved abortive on account of the want of funds to finance it. The Department also lacked the itinerary staff to supervise such demonstrations in the villages. Fortunately both of these obstacles have been found to be remediable. Co-operative Societies have been found to be an efficient agency for the dissemination of knowledge as regards better agricultural methods. Members of a society meet together and a proposal, which an individual would turn down, prove by discussion to be not only feasible but distinctly attractive. When so many co-villagers consider a thing favourably, it becomes possible in the end to get one or two to prove venturesome enough to try it. The best field for agricultural propaganda is a meeting of a Co-operative Society, where villagers have already learnt to discuss matters of common interest.

The matter is of vital importance to the future of the Agricultural classes, for I have no doubt that the root problem is not so much how to provide needy agriculturists with reasonable finance but how to harness finance to better agricultural methods."

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Test Audit.

We would invite the attention of our readers to the following circular of the Registrar of Co-operative Societies, *Bihar and Orissa*, regarding the test audit of Societies printed on pages 387 and 388 of the Bihar and Orissa Co-operative Federation Gazette, 1925 September and December issue.

Circular No. 8 of 1925, Patna, 22nd May 1925.

Subject :—Rules regarding the test-audit of societies.

In paragraph 6 of Government Resolution No. 2489-D., dated the 25th September 1924, it was laid down that 5 per cent. of the societies should be test-audited by the Assistant Registrar and other 5 per cent. by the Divisional Auditor and that the test-audit should be a complete re-audit of the societies. It was represented that a complete re-audit of 5 per cent. of the societies would take up a large portion of the time at the disposal of the officers concerned and would materially hamper the progress of their work in other directions such as propaganda work and supervision of Central Banks and other societies. Government were moved accordingly and the following rules for the test-audit are laid down with the approval of Government :—

(1) Government attach the greatest importance to a thorough check of the audit of primary societies.

(2) Twenty-five per cent of all entries in the account books, including the cash book, the deposit register and the loan register, shall be checked but interest need not be re-calculated in all cases.

(3) The preparation of the balance sheet and profit and loss statement shall be thoroughly checked.

(4) The loan account of all members whose presence it is possible to secure (during the Assistant Registrar's or Divisional Auditor's visit) shall be checked by reference to them personally. If there is any suspicion regarding those absent, a responsible officer should be sent to check these accounts subsequently.

(5) The haisiyat register shall be examined; 5 per cent. of the entries at random shall be checked by reference to the khatians and deeds, and careful enquiries shall also be made among the members. If there is any suspicion regarding any entry, the Central Bank concerned should be asked to make a reference to Sub-Registrar's office to find out whether there was any previous encumbrance.

(6) It shall also be seen whether the transactions between the Central Bank and the society have been correctly entered in the society's registers,

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The Body and the Soul.

In a speech delivered by him on 25th April at Mangalore, Rao Bahadur M. K. Venkatachariar has defined the functions of the several parts of the Co-operative Movement by effective similies which would surely have impressed the audience with very clear ideas on the subject according to him, the District Bank is the body, and the District Federation is the soul of the movement. From another aspect of view, the local union is the mother that begets the children, the District Bank the father that seeks the deposits, and the District Federation the teacher to "put the children on right lines". He also explained in the lecture that if the mother, the father and the teacher would only do their duties by their children, there would be no need for the Department to interfere in non-statutory functions. We trust that our readers will not stretch these similes to the breaking point. Readers of the bulletin should be aware by this time that Rao Bahadur M. K. Venkatachariar had been experimenting to run two district federations in Chingleput and South Arcot consisting only of unions and excluding the Central Banks concerned.

Despite this fact, his reference to the District Federation and the District Bank as soul and body compels one to conclude that he has come to feel that the two institutions cannot be disassociated from each other. For no one would wish for the separation of the body and the sole. He has even said, if the report of the Hindu is correct, that these two institutions are "like the two hands of a man." No better similies can bring home to our co-operators the indivisible unity that exists between these two institutions and the sacredness of keeping it intact in the interest of the movement. Has Mr. M. K. Venkatachariar changed his views? And if so, we gladly welcome it.

Formation of Local Unions.

He made an appeal to co-operators, when commenting on the paucity of local unions which numbered only sixteen, to increase them at least to 100. One is unable to understand the arguments underlying this policy of multiplying manifold the number of local unions. We see from the administration report of the Chingleput District that the object of this multiplication of unions is an intensive development of the area under credit and non-credit activities. One should bestow some thought on what this intensive development means and its practical limitations in the existing conditions of society. One should also note the relation of supervision to smallness of an area. No doubt the administration of a rural society can be efficient only under a restricted area. It is also true that the supervision of these societies can be effective only when conducted by a local agency which is in proximity to them. But supervision cannot become efficient because of the nearness of a local union to its societies. Supervision implies that the agency which supervises should command respect and influence in the societies, give skilled and wise direction, and possess initiative, resourcefulness and tact to lead the societies towards efficient management, namely rectification of defects from year to year, which at present is left unattended to continuously for years. In other words, supervision postulates capable leadership. In fact a local man of influence, imbued with the spirit of co-operation, may even be able to transcend the limitations of a large area and help the societies to a larger degree than a local union which possesses the advantage of a small area but is wanting in leadership. Further the advantages of proximity can be gained in these days with the development of easy communications and quick conveyances. But leadership cannot be made to order. We have also to consider the fact that however much a zealous worker may develop credit and non-credit acrivities in a small area of about 10 societies, there are certain limitations which cannot be overcome in the present condition of our society. There is a mental depression in the mind of the ryot in scarcity areas, dependent as he is on the vagaries of the monsoon, which cannot be easily removed by any amount of intensive propaganda. Where repaying capacity is poor, expansion of transactions either under credit or non-credit is limited. Tenancy conditions, ignorance and illiteracy among the ryots, are obstacles to intensive development. It very often happens that with all our earnest effort, the ryot refuses to consider a Loan and Sale Society started for him as his own. It is not practical politics to expect therefore intensive development and through it sufficient funds to supervise small areas. What has to precede the spread of the co-operative movement is general adult education and the establishment of those industries and facilities for agricultural occupation which would increase the earning capacity of the ryot. For this, we want a public-spirited non-official staff whose recruitment means money. How can a small union be able to find the funds for making economic surveys and introducing new development schemes. We have not to write on a clean slate in this country. Conditions have to be created for a fertile growth of the co-operative movement. A capable and influential staff is required for the purpose. How are we to achieve this without sufficient funds? Hence the number of societies in an area should be so large as to provide the minimum of income for the proper conduct of a union. So then the need for leadership which is a concomitant of supervision, and the impossibility of finding funds from a few societies to maintain a staff for discharging even the elementary duties owing to poverty of transactions arising from the present inherent limitations of rural life, compel us to provide for a sufficiently large area for tapping necessary funds for the working of a Local Union. The discussions in the sub-committee at the recent Conference must have indicated the resentment of the unions in the splitting up of their jurisdiction. The Conference has passed a resolution defining the principles that should guide co-operators in the organisation of local unions. That in itself forms a sufficient answer to those who are advocating a policy of small unions. We quote below the resolution :—" Resolved that the smallness of an area should not be the only consideration in the formation of unions. The availability of men and money for their proper working should also be considered."

S. Kanara Co-operative Conference.

At the recent conference held in South Kanara, Co-operators have resolved on 3 important questions, namely, that the forecast system should be undertaken by the Labour Department, that a working committee should be given effect to only with sufficient and restricted safeguards, that supervision of the Adi-Dravida Societies should be undertaken by the Labour Department, that a working Committee should be formed in the District Council, and that it should entertain a touring officer on a salary of Rs. 150 not merely to inspect societies but undertake the interim audit of the Central Bank.

The Forecast system.

The experience of South Kanara regarding the forecast system will prove a valuable guidance to the co-operators in other districts. We learn that the forecast system in South Kanara has proved very helpful to cover up overdues and even led to abuses as *benami* transactions and over-supply of credit. The forecast has proved beneficial in Bombay where the credit of each member is assessed by Inspectors of the Provincial Bank, and then the forecast is prepared on that basis and sent by the society. It is the branches of the Provincial Bank that make the advances, and being in the proximity of the societies, can easily learn any abuses in their working. The system depends on the good condition of the primary societies and we hope that the Central Banks would distribute credit on the forecast system after assuring themselves of the honesty and integrity of the panchayat and the sound working of the society.

Supervision of Adi-Dravida Societies.

The policy of forming separate societies for Adi-Dravidas has not been approved by the Minister for Development. This will be evident from his reply to the interpellations in the Legislative Council on this question. With a view to maintain the unity of village life, it would be preferable to admit Adi-Dravida members in the agricultural society. Where of course, owing to practical difficulties of the social customs in vogue, it is found impossible to effect this, the next best is the formation of Adi-Dravida societies on a communal basis. But the problem arises as how best to evolve a supervising agency for this type of societies. The present policy in some areas seems to be the collection of supervision fund at a rate of 2 to 3 per cent. of the working capital of these societies, the idea being to make provision for intensive supervision with this fund. Even then, proper supervision cannot be given, as supervision of Adi-Dravida societies includes also the performance of administrative work in the societies as the writing up of accounts etc. The Maclagan Committee have recommended State Aid for the clerical work of these societies and the Madras Government is contributing small sums in the Madras City for this purpose. We would request District Councils to note this point.

It is of course perfectly legitimate for a local union or District Council to release itself from additional duties of improving communal societies formed for the Adi-Dravidas, as it is itself struggling for funds to properly supervise the agricultural societies. But in the interest of agricultural development of the area, and with a view to prevent any clash of interests which might arise in the long run by the segregation of societies intended for rural labourers and thus build up the harmony of rural life to provide for the close association of all classes in an area, it would be wiser to undertake the supervision of the societies through a district council formed with the larger aim of promoting the movement as a whole in the district. Neither would it be possible for a State department to engage itself in daily supervision without adding to its staff in proportion to an increase in the number of societies. We would therefore urge on district federations to ask for a State grant for the supervision of Adi-Dravida societies, and retain the control over them.

A Touring Officer for the District Council.

The appointment of a touring officer on a salary of Rs. 150 by the District Council is a proposal which we would gladly recommend to our co-operators for adoption. A District Council is the Central Educative and Propagandistic Organisation in the District and unless it maintains a staff in consonance with its position, it may not be able to achieve much in inspecting bad societies and reorganising unions. Depending as it is on struggling local unions for its finance, it will have to depend on the financial assistance of the District Bank too for the maintenance of an efficient Inspector. The scheme, of maintaining an officer who will conduct the concurrent audit of the Central Bank and perform the functions of the District Council, has perhaps been adopted as a compromise to serve the needs of two institutions and we await the success of this experiment.

The Madura-Ramnad Dt. Federation.

We have received a copy of the By-laws of the Madura-Ramnad District Co-operative Federation Ltd. The By-laws are certainly an improvement on the model in that the restrictive clause regarding the selection of the Secretary has been admitted and the certification of each supervisor by the Registrar has been removed. We are unable to understand the significance of admitting a large number of representatives of the Central Bank as well as individuals in the general body while only a third of them are taken into the Board. It is a defect in the constitution, though it may not exhibit itself in its working as far Madura is concerned, that provision has not been made for a close co-ordination of work between the Central Bank and the Federation by providing for the executive of the former having a place in the executive of the latter. Though such a thing may be achieved by common understanding, and the constitution permits it, it is not wise to leave this important matter to the good sense of the members without making it obligatory on their part to effect the co-ordination of the financing and the supervising agencies in one institution. The general body will not truly represent the movement in the district unless it comprises the membership of all the primaries.

The Editor deeply regrets that this issue has been considerably delayed as a very long time elapsed before the new types indented for by the Press exclusively for our Bulletin arrived in the harbour.