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The Madras Bulletin of Co-operation

Issued every month in two languages—English and Tamil.

"If the system of Co-operation can be introduced and utilised to the full I foresee a great & glorious future for the agricultural interests of the country"—
His Majesty's Reply to the Delhi Municipal Address, 13th December, 1911.—

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PRINCIPAL CONTENTS.

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THE MADRAS BULLETIN OF COOPERATION

P.C.U.

ALL FOR EACH and EACH FOR ALL

VOL. XVIII.] MARCH 1927. [No. 9.

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THE CONSTITUTION OF THE P. C. U. AND THE MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE.

(Report of the Committee appointed by the Advisory Body by their Resolution No. VI, passed at their Meeting held on 9-1-27).

Members of the Committee :—

1. The Hon'ble Mr. V. Ramadas Pantulu
2. Mr. K. G. Sivaswamy
3. Mr. N. Satyanarayana
4. Rao Saheb T. Srinivasa Rau
5. Rao Bahadur A. Vedachala Iyer

(All the members of the committee except Mr. K. G. Sivaswami submit the following report. A separate report which has been prepared by Mr. Sivaswami is appended.)

We are asked to report on the following two matters :—

1. The changes, if any, which are called for in the constitution of the Provincial Co-operative Union.

II. Draft Rules for the conduct of the Provincial Co-operative Conference.

We shall deal with each of them separately.

I. Constitution of the M. P. C U. Ltd.

2. The demand for a change in its constitution has its origin in the proposals to carry the federation idea to its logical perfection by the formation of Language Federations and super-imposing the Madras Provincial Co-operative Union over them by constituting it into an Apex Union or Provincial Federation. The Andhras led the movement for the change by forming the Andhra Sahakara Sammelanam for the Telugu Districts and urging the formation of similar Sammelanams for the other language areas. This idea assumed a definite form by the XIII Provincial Co-operative Conference passing resolutions on the subject urging (*a*) the formation of a language federation for the Tamil Province, (*b*) the provision for definite representation in the Provincial Union to all Language Federations as they are formed, (*c*) amendment by the Provincial Union of its by-laws for carrying out the scheme of language federations. The XIV or the last Provincial Co-operative Conference did not reiterate these proposals nor did it modify or repeal them; on the other hand, its President, Dr. Pattabhisitaramayya, pleaded for their early realisation. Moreover the Provincial Union as the executive of the Conference stands committed to the proposals embodied in the resolutions of the XIII Conference and is charged with so dealing with the matter as to give effect to the recommendations.

3. There are two ways of bringing about the change. From a logical and chronological standpoint, language federations must be first established and should then be federated into an Apex Union, just as local unions are grouped under the District Federation. But this process is an absolute impossibility as the Apex Union first came into existence and as no one has suggested its dissolution and reformation on a natural federation basis on the wake of future language federations. This was not also the intention of the resolution of the XIII Conference. Moreover, the formation of efficient, comprehensive language federations actively operating over large linguistic areas is not a thing that can be accomplished by a paper constitution. It is a long and laborious task requiring resources and human material of no inconsiderable magnitude. The Andhra Sahakara Sammelanam which was called into being in 1919 is still in its infancy and its ambition to be a federation of the co-operative organisations in Telugu districts is only in the process of slow realisation. If we disaffiliate the Tamil organisations from the Provincial Union and start afresh on the road to reaffiliate them to a newly formed Tamil Federation, the process will be equally long and laborious and success will be equally slow. The *Kerala* area consists of a single revenue district of North and South Malabar with its District Federation, for the representation of which in the P. C. U., there is already provision. (The Malayalam area of Cochin and Travancore states are beyond our jurisdiction.) So the Malabar District Federation is practically conterminous with a Kerala Language Federation. The same is the case with the *Karnataka*. The South Kanara District Council of Supervision will be the language federation for the *Karnataka*. Excluding the Kanarese areas of Mysore and Hyderabad States, and that of the adjacent Bombay territory, our Karnatakas, outside South Kanara, are distributed over the districts of the Nilgiris, Coorg, and parts of Coimbatore and Bellary. Grouping them all into a co-operative federation, with at least two language federations operating over the districts of Bellary and Coimbatore which are bilingual, involves processes of consolidation, shuffling and adjustment which require considerable time and energy. These problems, notwithstanding their complexity, have to be tackled seriously. But the attempt to tackle them should not result in arresting the present activities of the P. C. U. without the compensating advantage of speeding up the progress of the movement by other hands.

4. The alternative plan which therefore suggests itself to us is as follows:—The ground for the consolidation of Language Federations where they exist and for evolving them where they do not exist must be prepared by the Madras Provincial Co-operative Union itself. Briefly stated, our scheme is federation not by centralisation but by decentralisation. It can be explained in a few words. The Provincial Co-operative Union would continue the process of affiliating to itself all the co-operative organisations mentioned in its bye-laws throughout the Presidency of Madras, until it becomes as complete a federated body as possible. With larger effort and more vigorous propaganda, it will not be difficult to bring into its fold almost every important organisation. When almost all the District Federations, Central Banks, various kinds of Unions, Urban Banks and other affiliable institutions situated in all the Districts of the Presidency are enlisted as members of the P.C.U., a situation with new potentialities will arise. The P. C. U. will then be in a position to partition its activities among the four language federations by a perfectly natural process of decentralisation and devolution of functions. The various units which stand affiliated to it may be readily assigned to the Language groups into which they naturally fall and, each of the language federations may be at once started on its work

and dignity. Conferences held in different corners of the Presidency (sometimes very remote) are bound to be less representative and their conclusions are bound to be largely influenced by local opinion for the time being, which naturally finds more valuable expression by the large preponderance of local attendance and greater influence of local co-operators. As the local opinion in different districts is by no means even non-unanimous on many a vital problem, the frequency of occasions for conflict of conclusions at different sessions held in different places will give rise to a real danger. In this contingency, the position of the P. C. U. as the executive of the conference bound to give effect to the resolutions will become unenviable. These and other features of an intinerant programme will, in our opinion, impair or partially destroy the pre-eminence as the exponent of co-operative opinion, unifying influence and inter-provincial status of the Conference and its executive, the P. C. U. We therefore recommend that the Conference should continue to be held in Madras as before and that the departure made this year need not be repeated.

In the view we take, the procedure for the holding of the Conference will be substantially the one in operation now. The printed rules err, if at all, on the side of excess of elaboration and detail and we have therefore nothing to add to them. We suggest the following modifications in them in accordance with our view as to the place of its session being Madras.

Rule (2) Registrar of C. S. and Director of Agriculture should have no place in the conference committee.

Rule (7) The President and the Chairman of the Reception Committee will be elected as at present by the Advisory Board or Board of Management and no outside opinion need be invited.

Rules (8) and (9) should be deleted as the Conference is recommended to be held at Madras. Reception Committee will be formed as now by enlisting members on payment of a prescribed fee.

APPENDIX A.

(5) Add "and any other language federation" after the word Sammalenam.

(8) and (9) Delete.

Registrar or Government need not send delegates. They may attend and participate in the discussion as they do in Dt. Conferences.

(Signed) V. RAMADAS,
" T. SRINIVASA RAO,
" A. VEDACHALAM,
" N. SATYANARAYANA.

Mr. K. G. Sivaswami's Report.

The report of the other members of the committee rivets our attention on the important points of the revision of the constitution of the P. C. U., namely, formation of language institutions, the inclusion of district federations in the P. C. U. and the holding of the Provincial Conference at Madras.

I. It is better that one understands the purpose and the need for these changes. The movement at present suffers from one vital defect, of swerving from its base. The function of the movement is to introduce an organisation and discipline among those having a common need for satisfying the same, and as such its working progresses in the ratio of the growth of local civic public opinion and is retarded when propped up by threats, coercions, prosecutions, use of authority from above. The more a society is made to work by the use of power from above, the larger the inspection and supervision it demands from outside which is not only an impossibility to provide from the tax-payer's money but also a worry to those who use it and easy to circumvent by those who are not under the vigilant care of local public opinion in the village. In other words, all efforts should be directed, if the movement is to be soundly based, towards educating the villagers that the co-operative society is *their* institution which they should tend and watch. Now this fundamental education can be provided by supervising unions, district bodies and the Provincial Union. It is unwise to expect without lead and stimulation from above the supervising union at the bottom to provide for this basic propaganda. Neither supervising unions can be centralised in an apex body, for supervision to be effective should be mutual and should command proximity. But the administrative work of Local Unions, of recommending loans and amendments and stimulating collection, develops an attitude for business which gradually wipes out the little public spirit for promoting the civic side of co-operation. If the supervision of Local Unions is to be regulated and controlled, it could be done effectively only by a body composing them. To that extent, the controlling bodies should be federal. But if propaganda which founds the society on sound principles of working is to be undertaken, it can be more effectively achieved from the top through branches. The agency therefore at the top should have a federal character so as to provide for the control of supervision when undertaken and should work through branches as well for carrying on effective propaganda through District federations and Local Unions. I therefore agree with the views expressed (1) that the Provincial Union might work through branches for the language areas for carrying on effective propaganda, at the same time giving it a federal character by representing federations in its Board. (2) When once this principle is granted, no time should be lost in shaping the constitution of the Sammelanam as to make it serve the interests of the P. C. U. as one of its branches. I trust the Secretary will take the necessary action on this aspect of this question. (3) Sufficient provision should be made also in the constitutions of Malabar and South Kanara federations giving a place to the P. C. U. regarding the work of regulating propaganda and education.

II. When once it is recognised that co-operation can be essentially successful only as a mass movement, and its very life depends on incessant and intensive propaganda, it becomes an axiomatic truth that its organisation should be on a language basis and none else. You cannot speak to the heart of a people except in their language; and the human touch in the movement through which alone the co-operative democracy has to be built up will be lost if propaganda is centralised in an organisation dealing with all languages. While therefore the P. C. U. might be the apex body for dealing with all matters of policy and principle relating to the whole province, it must delegate its functions relating to propagating co-operative principles, controlling and regulating propaganda work, and shaping the supervision and administration of the movement in a manner so as to bring it in accord with the true principles of co-operation, to committees composed of representatives of different language areas. The conclusion of the Committee therefore that by regulating the budget and the work in the Provincial Co-operative Union for different language areas, we can do a larger amount of work for the Tamil area, is one with which I am in complete agreement. But the Tamil work as well as propaganda should be put under a separate committee of representatives of the Tamil Districts in the Provincial Co-operative Union and necessary changes should be made in the by-laws to carry out this proposal.

III. The Royal Commission on Agriculture, particularly Mr. Calvert, put us some questions only on one subject, namely, whether the representatives in the Provincial Co-operative Union were ryots and secondly whether the proceedings were conducted in the language of the people. These are pertinent questions which we cannot afford to forget. If propaganda can be genuine and effective too only if conducted by language sections, a conference cannot propagate co-operation to the masses when held at Madras and conducted in English. What is the purpose of a conference? It is to educate the rural population in the problems of the movement. A conference cannot be a consultative body. It can discuss, lay down policies and principles, but the details will have to be worked out by small Committees and

Boards. The idea therefore expressed in the note that by changing the venue of the conference, the opinions expressed will become weighted with the local opinion and cannot reflect the provincial thought, forgets to take note of the fact that a conference as such cannot be expected to formulate programmes of action though they may be placed before them for approval or rejection. Provincial opinion on problems of the hour will be focussed in the Conferences of Central Banks and in the Board of the P. C. U., while the Language Conference will give an opportunity to the ryots to express their viewpoints on the policies laid down by both these bodies. What is sought to be achieved by a Provincial Conference at Madras can only be gained by deliberative bodies as the P. C. U. Board aad the Conference of Central Banks. The procedure therefore of having Provincial Conferences always at Madras well not achieve a detailed discussion of programmes of action and will prevent propaganda in the vernacular which alone is co-operative for it is based on the will of the peoples and the association of the rural ryots in co-operative problems for whom alone the movement is intended. It may be reiterated that a Provincial Conference in English at Madras will take the movement farther and farther away from the masses thus spoon-feeding them and making the movement more and more unco-operative.

IV. It may be considered as the next alternative whether a Language Conference and a Provincial Conference cannot both be held annually. The average working capital of a society and the funds of the Local Union cannot permit this kind of double expenditure for a long time to come. And in so far as the purpose of a Provincial Conference, namely, the expression of provincial views on a question is achieved through the P. C. U. Board and the Central Banks' Conference and as such a conference will never lead to the goal of the masses understanding the movement which is theirs and theirs alone, the conclusion is irresistible that we should choose a language conference instead of a provincial conference and change its venue from year to year thus pressing towards the goal of a co-operative democracy slowly built up through the interchange of thoughts, association of leaders and the spread of a larger enthusiasm in the districts. The lessons of Bombay may be well borne in mind strengthening Divisional Institutes and Divisional Conferences.

V. When once the conferences are put on a language basis, the question arises how the P. C. U. general body is to meet and whether such a meeting will not entail additional expenses on the societies. In accordance with the conclusions in para (1), District federations will elect their representatives to the Board of the P. C. U. The other bodies which will have to meet at a general meeting and elect their representatives may meet during the time of the language conference and elect them to the Board. Thus there is no need for any general body in the P. C. U. to meet at all.

VI. There are some other questions which require consideration if the P. C. U. is to be made thoroughly representative of the co-operative societies in the Presidency.

(*a*) The District federations should represent all types of societies in a district and exchange representatives from the executive of the Central Banks mentioned in the resolution of the Conference of last year.

(*b*) The District federation should have in its general body all the representatives of all the societies in the District and *it is such a general body that should directly elect the representative to the P. C. U. Board. Until the constitution is changed, the general body of the District Bank may elect the representative of the federation.*

(*c*) The Central Banks' Conference may elect any eight representatives from its members.

(*d*) The following types of Societies shall meet during the time of the Language Conference, Tamil and Telugu, and elect a representative to the Board, Malabar and South Kanara electing one each during the time of the annual meeting of their federations, to represent all the types.

(1) Agricultural non-credit *i.e.*, trading unions, rural stores, agricultural production societies and agricultural sale societies.

(2) Non-agricultural non-credit *i.e.*, stores, industrial urban production societies, industrial urban sale societies.

(3) Labour Societies—credit, production and sale, and purchase and sale.

(4) Non-agricultural credit Ltd.

(*e*) Election of any four individuals by the two Language Conferences themselves *i.e.*, Tamil and Telugu.

Note:—Members selected under (*d*) and (*e*) shall sit for 3 years.

(*f*) The Board so formed shall co-opt any five individuals as it chooses.

VII. As under the proposed changes the Provincial Conference is abolished, the constitution framed for the same may be slightly altered to suit a Language Conference and provision made for the invitation of fraternal delegates from other areas.

VIII. The subject of revision of the constitution being an important one, the secretary may interview the Registrar, press the changes mentioned in this note, and come to some agreed conclusions. The by-law alterations can be done in no time when once we agree on the principles regarding the changes to be introduced in the constitution.

IX. In consonance with the principle of strengthening propaganda from the top as mentioned in para I, it is also necessary that the P. C. U. should have the right of nominating a few individuals (2 or 3) in District Federations for regulating and spreading propaganda. It may be by nomination or by approving individuals selected for propaganda or a system og grants through the P. C. U. may achieve this objact. A similar right should be given to District federations to nominate propagandist workers in Local Unions.

CO-OPERATIVE MOVEMENT IN THE MADRAS PRESIDENCY.

(A review of District Administration Reports. 1925—26.)

MR. K. G. SIVASWAMI.

1. Dry Reports.

The Madras Provincial Co-operative Union receives annually from the Department copies of District Reports prepared by its officers. But its value to the public has been growing less and less during recent years.

A comparison of the reports from year to year will amply prove this statement. The experience gained and the difficulties felt in the application of co-operative principles to rural life in this presidency are hardly analysed for the benefit of co-operators. Except for a few dashes of the new university recruits in the movement who try to evolve some principles of rural economics from the figures obtained in the annual postings statements, the district reports are nothing but a compilation of various figures under standardised heads. A growing human movement as the co-operative, with the action and inter-action of human motives and ambitions, self-interest and desires, can seldom be judged by mere figures. We do not want to go into the reasons for the degeneration of district reports. Exigencies of official discipline require that views conflicting with those at the headquarters should not be made public. And while we have nothing to say againt such a healthy rule, we must candidly confess that the movement loses the variety of experience gained by the adoption of different methods through the different applications of local officers.

2 Rainfall and overdues.

A few ideas have been gleaned in the following paragraphs from such district reports which are more of statistical than of co-operative value. The first question that attracts the attention of any co-operator is the condition of the rural societies. The year has been one of much distress to the ryot. He has not recovered from the effects of cyclone and floods of 1924 and 1925. Scarcity of rainfall has depleted his harvests in the dry tracts of the presidency. In this connection, we would like to refer to the fact that the condition of a tract cannot be judged by the total quantity of rainfall in a year. For according to the Anantapur report "the large dry cultivation in the district requires timely rainfall and any irregularity hampers cultivation. Insufficiency of rainfall in certain months may be made up by abundance of showers in subsequent months but it does not help agricultural production. Rains must be timely and sufficient if they are to be at all useful to the ryots. The total annual rainfall appears therefore to be a deceptive standard of judgment in respect of an estimate of agricultural conditions in the district."

3. Causes for Overdues.

Almost all the reports refer to the weak and defaulting panchayats as the chief cause for overdues. Some other reasons are also given. Bellary mentions the retainment of heavy cash balances as a cause, South Arcot, the practice of short term instead of long terms. Generally, the reports refer to the weak condition of Unions as a cause of overdues, while the Salem report notes an important cause very often forgotten. We quote the same below for the benefit of our readers.

"The ryot in the village is still slow to realise that it is his duty to convince the society which has financed him, about his real difficulties and how it has to help him."

The Kistna report has the following paragraph about the cost of management in rural societies which, it may be stated, has a no less bearing on the subject of overdues. For it brings home the point that no society can be efficient without paying for clerical service.

"Although the general rule that the service of the panchayatdars should be gratuitous has always been kept in view, it has been found necessary in some societies to entertain whole time clerks or to grant monthly or annual honorarium to the working incumbents within the capacity of the societies. However, there is a tendency among the panchayatdars of agricultural rural credit societies to incur contingent charges on an unnecessarily lavish scale. As the matter is one that requires careful consideration, the district federation and the local Unions will be requested to investigate into the matter."

4. Some interesting points.

Some other interesting points about rural societies are also revealed in the district reports. Some of the appendices mentioned to be attached at the end of reports are found wanting. In some others, they are found and sometimes give us useful information. The Cuddappah report shows that there are societies registered as early as 1920 but not yet started. Perhaps the reason is due to the long time that elapsed between the application for the organisation and the registration which would have weakened the enthusiasm of the applicants. Prominent mention made in the reports of the active help rendered by revenue officers in the matter of collections also sheds a clear light on the weakness of the co-operative organisation. The Nilgiris report has a distressing tale to tell.

"Matters have come to such a head that almost every member has to sell all his properties in order to meet the dues of societies." Remedies are suggested as improving the earning capacity of the ryots in that district by poultry farming and seri-culture, methods which ought to have been first begun before the large distribution of credit was undertaken. The issue of long term loans for redemption of prior debts has not been of unmixed good to the ryot and the coming conference will be doing a great good to the movement by finding a remedy for the present deadlock of overdues.

5. Loss Societies.

Two more points mentioned in the district reports also demand notice. The one is the wide variation that sometimes arises in the losses incurred by societies between two consecutive years. The South Kanara report tries to explain it in the following manner. "The difference appears to be due in a larger degree to the slightly different method of calculation adopted in the last 2 years in arriving at the accrued interest that went to the profit account." We are unable to understand the above statement in the absence of fuller details.

6. Extensions.

The second is the grant of extensions to primary societies by Central Banks irrespective of any applications from them, without seeing whether the extension reached the member. Such a procedure has been put a stop to in some of the Central Banks, as a result of which, the overdues of societies have mounted to the normal figure. The Anantapur report makes the following reference from the Maclagan Committee Report about extensions. "The system of extending loans as a matter of routine is one of the greatest dangers that exist in the co-operative movement in that it paves an easy way for procrastination and eventual default." The report therefore suggests the fixation of instalments with due regard to the cycle of good and bad seasons.

7. Local Unions.

If we pass on from the reflections about rural societies to those about unions, we are not gladdened by any rosy picture of the present state of affairs. Unions have no doubt progressed in some districts as Chingleput and East Godavary, but their general standard is not encouraging. Madura reports as follows: "The unions are much below the mark. In none of the unions, the work of supervision is satisfactorily done. Organisation of new societies has not been seriously taken up in any of the unions. These have not so far relieved the departmental inspectors in any of their functions." Cuddapah reports, "It has been found that a maximum expenditure is necessary to run a union successfully for which some of the unions do not earn a corresponding income." Bellary reports, "Non-official institutions have yet to realise tha supervision and close supervision alone would bring about a happy state of things in primary societies. Most of them, Presidents and Secretaries of Societies, or panchayatdars coming from primaries to unions, federations and the District Bank are defaulters who naturally have not the courage to collect members' dues and overdues to the society." Again, the same report refers to the work of supervisors not being properly regulated by Secretaries of Local Unions. Kurnool makes the following remarks about unions. "The creation of more unions without corresponding increase in the supervision fund does not appear to be sound. The possibility of limiting the jurisdiction of a union to a radius of 7 miles does not appear to be possible in the near future particularly owing to financial considerations. The need for assistance is keenly felt in poor districts like Kurnool where the working capital of societies is comparatively small and where repaying capacity is low and fluctuating. The supervision fund is naturally inadequate to keep the unions in an efficient condition." The extracts given above should make us consider what effective steps should be taken to put the unions on a sound basis.

8 District Federations.

As regards the work of District Federations, most of them were started only last year and it is too early to judge of their working. Many of them are handicapped for want of funds. But the Chingleput Federation has shown by its work what a federation can do to regulate and help the local unions in their work and to educate panchayatdars in the management of rural societies. Another kind of work for which the federation is eminently fitted is that of starting new societies with a view to form compact unions. This is a work which cannot be delayed any larger and the Trichy District Federation which deputed a supervisor for this work has shown how it can thus usefully help in preparing the ground for effective supervision. The North Arcot District Council has taken up completely the organisation work from the hands of the department, which is again an indication of the growth of responsibility in these bodies.

9. Agricultural Co-operation.

The year has also been marked by large developments of co-operative ventures other than credit. But all these are stimulated and artificially propped up, and in the absence of sound village organisations for credit, their future generally speaking is unsafe. Agricultural co-operation has been attempted and successfully too in some districts. The Malabar District Bank advanced Rs. 13,000 for the cultivation of ginger, cocoanut and pepper. A large number of Loan and Sale Societies have been formed in South Arcot and Chingleput and the insistence by the District Bank, Chingleput, on business methods in the storing of produce on the pledge of which they lend, will surely improve the working of rural societies which undertake this form of business. Joint purchase of provisions and agricultural requisites has developed in the 3 unions of Pattambi, Payyanur and Cannanore in Malabar. The West Godavari report gives 2 reasons for the failure of purchase and sale societies, namely, that there is no central agency to supply information and to purchase on their behalf, and these institutions depend too much on honorary work. The Garden Planters' and Puthur Wholesale, South Kanara, have worked at a profit by selling agricultural produce as the agents of members and societies. Regarding agricultural industries, the Udipi Society for cocoanut, Pullapalayam and Kallakurichi for sugarcane, and Nedamangalam for bonemeal bid fair to be successful. Melur has shown little progress.

Labour unions are fast developing in the Tanjore District. Of the other types, the spinning and handloom societies of Guntur and West Godavari, the Pallakayal Irrigation society in Malabar, the Cardamon banks of Bodi are worth mentioning. The stores movement is not showing signs of much progress, barring of course the few good ones in Madura and Madras districts. The agricultural demonstration society at Lalgudi has done some tangible good and its usefulness will not surely be lost on the neighbouring ryots. The lease societies worked by the Labour Department in the Tanjore District have found it difficult to pay 4/5 of the produce as lease amount. Their working in Padugai lands depends on the amount of assistance they receive from the P. W. D. Even on this subject, it will not be out of place to remark that some of the labour societies suffer owing to the poor quality of the

Darkhast land given free by the Government for cultivation. The Hindupur Labour Union got 176 acres of patta land, but as the soil was rocky and covered with wild plants, clearance cost a good deal and the society worked at a loss. The labour credit societies formed for acquisition of sites had to fix a larger instalment for the member in cases where the acquisition had to be done through the courts and the cost of the same was thereby enhanced. We have no doubt that the various problems relating to non-credit will be discussed at the coming conference and a sound programme formulated for the coming year.

The present review will be incomplete without a reference to the working of Land Mortgage Banks in the presidency. Only two have worked and the following statement of their condition is extracted from the District report. Gudalavalleru in Kistna district operates over 41 villages with 86 members. It has lent a sum of Rs. 22,140 to individual members. Its share capital amounted to Rs 2,690, deposit from non-members Rs. 25,000, and loan from Government Rs. 10,000. The cost of management amounted to Rs. 220-5 as. The Bank worked at a net loss of Rs. 84. The Conjeevaram Land Mortgage Bank had 140 members, a sum of Rs. 3,900 as share capital and raised funds to the extent of Rs. 10,000 each from Government and individuals by floating debentures. 44 loans to the extent of Rs. 29,375 were disbursed to members during the year. Of these, 41 loans amounting to Rs. 28,075 were for the discharge of prior debts and 3 loans to the value of Rs. 1,300 were for permanent improvements of lands. The society worked at a loss of Rs. 28.

We have taken to the last, one important question which has been agitating the public mind of late, namely, misappropriations and criminal prosecutions. Most of the reports refer to one prosecution or another. North Arcot, Kistna and South Arcot abound in many. The evil eats into the vitals of the co-operative movement and the earlier it is rooted out, the better. We hope some remedies will be devised for the early eradication of this evil.

The present review has avoided a comparative survey of figures and a full discussion of the various problems of the movement. Of course these two aspects will be remembered in reviewing the Provincial Report for the year.

STUDENTS AND CO-OPERATION

MR. BHUPATI B. MUKHERJEE

(Professor, G. B. B. College, Muzaffarpur.)

One of the main reasons why the message of Co-operation has not reached all the corners of India is that we have not yet enlisted the rising generation of students as the messengers of this new gospel. The young mind is the best medium for the transmission of this message and a Co-operative stamp laid on the young men during the most impressionable part of their life will not only mould them anew but through them will raise the drooping spirits and bring succour and hope to the numberless unfortunate countrymen of ours, whom the present co-operative machinery does not reach or, even if it reaches, does not inspire with the same hope and assurance as one among them who had himself received the blessing could. Co-operators have not yet seriously given thought to this. Amateur attempts have been made here and there to start various types of societies among students, to interest them in its principles, but what is wanted is a programme clear cut and well thought out, which would be pursued by all Educationists and Co-operators, working jointly, so that it would be possible to replace the principle of narrow individualisim by the principle of unity and brotherhood.

It is the object of this paper to suggest a programme for the consideration of Co-operative workers all over the country and focus public opinion on the importance of this problem.

Co-operative Education should be the first objective. Teaching of the principles of Co-operation should begin from the lowest classes of the school and should be continued right up to the Matriculation stage. Stories illustrating co-operative principles, selections from Aesop's Fables such as the Old Man and the Bundle of Faggots, should be introduced in the Vernacular Readers, and teachers should in the conversational lessons inculcate the necessity of thrift and selfhelp. The wearing of gaudy dress by students should be discouraged and no opportunity should be lost by the teachers to encourage the students to satisfy their personal wants themselves. It may be mentioned in this connection that students in Tagore's Vishwabharati University have to do their own cooking and they are expected to serve one another. Such games should be introduced as give rise to team-spirit and action. The teachers should encourage the formation of panchayats among the students which should be entrusted with the settlement of all petty disputes among them. Thus an imaginative teacher can by action and speech promote in various ways the development of the Co-operative Spirit among the students.

The Matriculation stage would be the best time for the introduction of a detailed study of the Co-operative principles along with a consideration of the main lines of development in India. Co-operation at this stage may form part of a course of Elementary civics which can with profit be introduced by the University, as this is the stage at which a large percentage of the students give up their education, and it is the last chance of giving them a training so as to equip them for citizenship.

Besides Co-operative Education, the students should be given a first hand training in Co-operative work by starting various types of societies. A thrift society may be organised with no share capital but every student paying a nominal admission fee for meeting the expenses of the society. Every member may be given a Home Savings Box the key of which will remain with the teacher Secretary. The student will put into it his occasional savings from the pocket allowances given to him by his parents and the amount so collected, however small they may be, will be deposited in the society earning a rate of interest higher than the Postal Savings Bank rate. In place of these Saving Boxes, a rule may be made that a student must contribute a minimum sum of at least 4 annas per month failing which a fine should be imposed. The amount collected should be paid to the student when he leaves the school. The object of this society is not so much profit as the acquisition of the habit of saving. The society may deposit the funds in a Co-operative Bank which may grant them higher rates of interest than the rate which will give to its members thus leaving a magin for expenses, and any balance may be put into the Reserve Fund or Common Good Fund, which amount my be spent in full or in part for some common object, say, aid to the poor students. The society should be managed by a committee of students with the Teacher as Secretary.

The deterioration of the physique of the average Indian Student is a matter for serious consideration by all and no methods should be neglected which are calculated to develop it. School and College games, hockey and cricket and tennis, are rather expensive, many school and college students cannot afford to take part in them. They can do so if at least 25 students join and form a Co-operative club, and raise the fund for the necessary sports either on a share basis or by donation, and carry on the current expenses by means of low monthly subscriptions. The initial fund can also be borrowed from a Co-operative Bank at a low rate of interest and the members may pay something over and above their current subscription for repaying this debt.

A more advanced form of Co-operative activity is the organisation of College or School Co-operative Stores. This not only reduces the price of necessary articles by eliminating the middleman but it gives a valuable business training to the members which may be of great use in after life. Attempts should be made everywhere to organise these stores, but if it is not possible to open them in all institutions, societies may be started for the joint purchase of books, paper and other articles of stationery required by the students. This does not involve any complicated system of book-keeping or accumulation of heavy unsaleable stocks or losses due to miscalculations of market conditions, defects which unfortunately too often mar the success of the youthful attempts of many juvenile Co-operators. Once or twice a year when the new session commences, the members will let the Secretary know the books and the amount of paper, exercise books, pencils, pens etc., they may require during the session and all the indents pooled together, may be placed with some reliable firm of booksellers and stationers who will certainly supply at wholesale rates. Thus the students will make a considerable saving in price and it will induce them to exercise their forethought to provide for their future business activities.

The present system of education has raised the cost of education very much and it is gradually becoming difficult for a person of the average middle class to educate two sons at the same time in college not to speak of the poor student who will in course of time find the college gates closed against him. In the expenses of the College education, the messing expenses, price of books, and College University fees occupy important places and some measures must be adopted whereby these could be reduced or provision made to meet them.

The tendency of having residential colleges is daily getting stronger and large numbers of students live now in hostel and messes attached to the colleges. The college provides accommodation while in most cases, students arrange for their messing. They purchase their rice, flour, oil, ghee, pulses, etc., daily at retail prices and the cost of food consequently is pretty high. This could be prevented if the students formed Co-operative messes, raised some funds by selling shares and purchased the main articles of diet for the whole year *e.g.* rice, wheat, and pulses after the harvest at cheap rates and ghee and oil in greater quantities at wholesale rates. This would mean a considerable saving in the cost of messing per month and lighten the father's burden, besides giving the students an invaluable training in business management.

The next important item of expenses is books. The price of books has gone up and it is hardly possible for the average student to provide himself with all the necessary books. In the Patna University, the price of a full set of Inter-Science books exceeds Rupees one hundred. A student is seriously handicapped, if he has not all the text books with him in addition to some books of reference. This problem can be solved to some extent if a loan society be started. Raise some capital, or donation from rich men or by shares from college students, purchase the necessary books, care being taken that only those books which are not often changed and which are rather costly are selected, than lend out the books to the students charging a small hire say one anna per month. The income will not be small and it may be utilised in repairing old books and purchasing fresh ones. Additions to the stock can be made by purchase of old books from students who have passed. This will mean that a larger number of books can be purchased with the limited funds.

The last phase of the problem is the poor boy who cannot afford to pay either the college fees or messing expenses or both but is promising as a student. It will be a crime if a man of promise is not allowed by his poverty to go up higher in the University. Many Colleges have poor students' fund to give aid to these cases, by way of charity. Some money is scraped together and doles are given out to the poor students which are neither sufficient nor desirable. Charity may be good for the man who gives but is certainly demoralising for the man who takes, and one result of those poor funds is that the student gradually loses his sense of self-help and depends perpetually upon the others. Besides this, the poor boy's fund is after all exhaustible and can but help only a limited number of students. It would be much better if we could substitute the idea of credit for charity. Let these poor boys' funds be changed into Students Credit societies. Loans should be given to deserving students without interest for long periods repayable in easy instalments of course on sufficient security. Bonds in proper forms should be taken and to provide against loss due to the death of the borrower, his life insurance may be effected and the premium being paid by the society till the repayment of the original loan *plus* the insurance premia. The funds of the society may be derived from the usual sources while the different District Banks may be asked to contribute to this fund out of the common good or charitable funds and a part of the Reserve Funds of Liquidated societies may also be utilised for this purpose. The great merit of this society is that a continuity of activity is maintained and gradually increasing number of poor students can receive this help. The Bombay Presidency has got some societies of this type which are doing efficient work.

In conclusion, we may quote the words of an eminent French Co-operator, M. Edonard Pelil—" The Co-operative Society is the last best known and most popular institution through which social education is organised and strengthened in the school. It permeates the school and is a living convincing lesson in co-operative ethics. It establishes a bond of common interest among all members, and amalgamates them into a unified whole."

RURAL SOCIETIES AND THEIR PANCHAYAT MEETINGS.

BY MR. G. SRINIVASARAGHAVA CHARIAR, MADURA.

Though bylaw 21 of rural societies—vide the Model—requires that Panchayats shall meet once a fortnight or oftener, an examination of the minute books of most societies will reveal that, as a rule, the President or Secretary in power, does not call a meeting of Panchayat except very occasionally, and that only for the purpose of applying for a loan to the financing bank on behalf of members, provided those members happen to be in his good books and are not in arrears of any previous loans. By some office-bearers the opportunity is also availed of for the purpose of passing other subjects for which sanction of the Panchayat may be necessary, if the subjects should happen to strike them at the time. Numerous, however, are the instances where no Panchayat meetings at all have been held for over a year, the only meeting, if any, held during the period being that of the General Body, convened probably at the instance of Union Supervisor for the purpose of passing the belated audit order or electing a new Panchayat or a representative to the Union or the Financing bank. Oftentimes, the election of Office-bearers also is done at this General Body Meeting, though a separate record of proceedings is drawn up in the minute book, as if the election has been made at a separate meeting of the Panchayat.

When questioned about their failure to meet fortnightly, the office-bearers and Panchayatdars generally say that they have had no business to transact to necessitate their meeting so frequently. A careful perusal of the bylaws will, however, show that, however limited the transactions of a society may be, there are yet plenty of matters to be considered in connection with its general administration both by the Panchayat and the General Body. If a society is to work up to its ideal, its Panchayat must meet fortnightly and the General Body at least twice a year. Unfortunately for the movement, as few of the office-bearers care to read, much less digest, the bylaws, it is essential that every society should be furnished with a standard list of subjects, on which resolutions must be recorded, whether it be at the fortnightly meetings of the Panchayat or at the annual or other periodical meetings of the General Body. In order that none of the subjects named in the list may be lost sight of, it is desirable that a copy of such list should be pasted in a prominent place in the minute book of the society itself for easy and ready reference of not only the office-bearers, but also of other persons charged with the duty of scrutinising their work.

I therefore append a list of subjects which, in my opinion, must be considered at every fortnightly meeting of Panchayat and also at the annual or other periodical meetings of the General Body. And I would suggest that Supervising Unions be required to insist on their affiliated societies recording resolutions on each of those subjects and sending to them a copy of resolutions for information and scrutiny. An insistence of this rule will be of great educative value and keep the Panchayatdars themselves not only on their alert but also in constant touch with the actual state of affairs of their society.

I trust that this suggestion of mine will commend itself to all co-operators, office-bearers of societies and officers of the Co-operative Department.

LIST OF SUBJECTS TO BE CONSIDERED AT THE FORTNIGHTLY MEETINGS OF PANCHAYAT.

1. Application for membership (by-law 6).
2. Do. withdrawal from membership (by-law 8).
3. Members to be removed on account of (1) default in payment of share-capital (by-law 4), (2) withdrawal of shares (by-law 8), (3) removal of residence (by-law 9), (4) death (by-law 10).
4. Members to be recommended to the General Body (1) for removal for deceiving the society (by-law 36), (2) for expulsion by-law 36).
5. Application for enhancement of shares (by-law 13).
6. Deposits to be received. (by-law 14).
7. Deposits to be returned during the next 60 days.

8. Loans to be obtained on behalf of the society (by-law 17).
9. Loans to be repaid by the society during the next fortnight.
10. Panchayatdars disqualified to be such owing to non-attendance at four consecutive meetings of Panchayatdars and the question of their reinstatement (by-law 22).
11. Loans to members, other than long term loans to panchayat-members (by-law 38).
12. Loans misapplied by members (by-law 41).
13. Loans overdue for more than 3 months from (1) panchayatdars (2) other members (by-law 47).
14. List of principal borrowers whose sureties have ceased to be members or otherwise become incapable of membership or have alienated their properties mortgaged to society (by-law 51 and 52).
15. List of cases referred to Registrar or arbitrator and pending decision (by-law 60).
16. List of decrees or decisions pending execution with (a) Society (b) Registrar (c) Civil Court (d) Revenue Department. (by-law 60).
17. Reading of items of receipts and charges.
18. List of contingent and other expenditure to be incurred, not within the powers of the Secretary but requiring the sanction of the Panchayat(by-law 27 & 30)
19. Dates on which cash balance with the Secretary exceeded Rs.5.
20. Nature of non-credit work to be done (by-law 54):
21. Orders, communications, inspection notes etc., received by the society (by-law 26).
22. Matters published in the Bulletin requiring attention.

NOTE.—In addition to the subjects noted on the margin the following subjects must be considered at the first fortnightly meeting of July.

1. Passing of the Annual Statement of the society due to the Registrar on or before the 15th July. (By-law 59).
2. Passing of the renewed Property Statement of members to be approved by the General Body.
3. Budget to be placed before the General Body.
4. The scale of establishment and the amount and nature of security to be given by its members.
5. Remuneration to the Secretary or other Panchayatdar to be recommended for the consideration of the General Body and sanction of the Registrar of C. S. or the District Co-operative Federation.
6. Amendment or repeal or the enactment of a new by-law to be placed before the General Body.

LIST OF SUBJECTS TO BE CONSIDERED BY THE GENERAL BODY.

At the first Fortnightly Meeting of July.

1. Annual statements due to the Registrar and passed by the Panchayat (by-law 59).
2. Approval of property statements passed by the panchayat and fixing the maximum liability to be incurred during the year. (by-law 31).
3. Filling up of interim vacancies in the panchayat (by-law 20).
4. Panchayat members who had defaulted in repayment of loans taken by them to be removed from Panchayat (by-law 24).
5. Expulsion of members who have deceived the society (Bylaw 31 & 36)
6. Long term loans to be sanctioned to Panchayat members and their relations and dependents. (Bylaw 31),
7. Revision of scale of establishment.
8. Budget estimate of receipts and charges (Bylaw 27).
9. Applications for extension or renewal of loans to be reported to the Registrar (Bylaw 47).
10. Important circulars, orders and other communications to be read out.
11. Amendment of bylaws. (By-law 57).

At the Meeting to be held soon after receipt of Registrar's Annual Audit Certificate.

1. Consideration of Registrar's Audit Certificate and distribution of the net profits (by-law 55).
2. Expulsion of members. (by-law 31 and 36).
3. Consideration of any complaint which any individual member may prefer against the panchayat (by-law 31).
4. Scale of remuneration to the secretary or other member of the panchayat to be recommended to the Registrar or Federation for sanction (By-law 30).
5. Election of new Panchayats (By-law 31 and office-bearers by the latter.
6. Election of delegates to
   (1) supervising union
   (2) financing bank, and
   (3) other bodies if any. (Bylaw 31).
7. Long terms to be sanctioned to panchayat members, their relations and dependents (By-law 31).
8. Application for extension or renewal of loans to be reported to Registrar. (By-law 47).
9. Amendment of bylaws. (By-law 57).
10. Important circulars etc., to be read out.

RESUSCITATION WORK—ACTION TAKEN BY THE SRIVILLIPUTTUR BANKING UNION—A SHORT REVIEW.

Mr. A. Srinivasachariar
(Secretary of the Banking Union.)

As per resolution No. 1 of the Bankers' Conference held on 8-5-26, which dealt with the steps to be taken to reduce the overdues of primary societies, a sub-committee was formed consisting of the Secretary of the Banking Union, The Assistant Registrar and the Executive of the concerned Supervising Union, to enquire into the real condition of societies. To facilitate the work, a questionnaire was issued by the Secretary of the Banking Union, which was to be answered by Unions with reference to constituent societies. Except one or two Unions, other Unions in the area did not come forward to help us and did not reply. The department also did not render any help and so no further steps were taken actively till October 1926.

After the 2nd Bankers' Conference on 2-10-26, our Directors resolved that a separate administrative section should be formed and appointed two Inspectors, whose duties are to inspect all the societies and revise bad societies, wherever possible. The scheme of consolniation of loans of primary societies and granting extensions up to 10 years is before us, and we hope to carry on the work successfully, with the special staff appointed by us. With the help of the special staff, we hope to pursue the Bankers' Conference resolution No. 1 of May. Unless the condition of each society, by taking the case of each member, is examined and thoroughly investigated, there is no scope for expansion and improvement. If the special staff is enabled to continue for 1927-28 also, by the rebate being continued by the Madras Central Urban Bank, I hope some useful purpose will be served. All efforts should be taken by Central Banks in that direction, in the coming Bankers' Conference.

REGISTRAR'S CIRCULARS.

XV

SUBJECT:—Audit—reconciliation of figures between Central Banks and primary societies. (No. A 668/27 dated 16th February 1927).

The Registrar finds that one fruitful cause of delay in the issue of audit certificates of societies from Assistant Registrars' offices is to be found in the reconciliation between the figures of the primary societies and those of the Central Bank. If all primary societies obtain vouchers, receipts or covering letters from the bank in regard to all their money transactions and carefully file these for production before the auditor, the work of reconciliation will be simplified.

2. A reconciliation statement in the form appended should be supplied to auditors immediately after the close of the year with the Bank's figures filled in. At audit, the auditor should fill in the audited figures of the society and if possible reconcile any discrepancy with the

Bank's figures. If he is unable to do so, he should either go to the Central Bank as soon as can conveniently be done, or return it at once with the audit notes to the Assistant Registrar who should at once send a clerk to the Bank to reconcile the figures in all places where the Central Bank is located at the Headquarters of the Assistant Registrar. When the Central Bank is not located at the Assistant Registrar's Headquarters, the inspector must take the figures to the bank himself for verification. Delay is ordinarily caused by entering into correspondence and this should be avoided.

3. Every attempt must be made to speed up the issue of the audit certificates and the Registrar trusts that departmental officers and Federations and the Unions will see that all vouchers requisite to check a society's books without recourse to outside societies are carefully preserved.

4. The Deputy Registrars and Assistant Registrars should also personally see that when audit reports are received in their offices from the auditors, they are promptly attended to and not allowed to accumulate on any account.

5. The Registrar also finds that the auditor is now taking much of his time in copying out a full extract of the loan ledgers for all outstanding loans to members. This is not the auditor's work and it involves serious waste of time. The Secretary of the society should actually prepare the list and the auditor should check it.

Appendix to Circular XV.

Audit Notes of Co-operative Credit Society

Reconciliation Memo of Assets and Liabilities as they stood on 30—6—19

No.	Items.	As per audit notes of the society.	As per Central Bank Statement.	Plus or minus.	Difference Amount.	Remarks.
		Rs. A. P.	Rs. A. P		Rs. A. P.	
1	Share capital invested in Bank ...					
2	„ Dividend due on it ...					
3	„ in C. C. Press ...					
4	„ in other Societies ...					
5	Reserve Fund invested ...					
6	„ interest paid on it ...					
7	Other deposits, if any, invested ...					
8	Supense (plus or minus) ...					
9	Total amount of loans outstanding ...					
10	Overdues in principal ...					
11	„ Interest ...					
12	Bulletin dues to Prov. Union ...					

XVI

Subject :—Audit—Primary societies—Audit reports—supply of copies. (No. A, 207/29 dated 4th March 1927.)

In Registrar's *circular No. A, 3112/26 dated 24-12-1926, it* was suggested that Central Banks which desire to have full copies of the audit reports of societies financed by them may employ their own staff and take copies of the audit reports in the Assistant Registrar's or the Deputy Registrar's office itself and if owing to paucity of hands or for any other reasons Central Banks could not do so, they might get the reports in original from the Assistant Registrars or the Deputy Registrars concerned and return them after perusal.

2. As an alternative to the above method in cases where Central Banks, District Federations and Unions are unable to take advantage of it, the Registrar suggests that the institutions may purchase copies of audit reports at 4 annas each from the Assistant Registrar. The amount so collected is to cover copying charges and incidental expenses. Copyists will be appointed to Assistant Registrars' offices on Rs. 25 per mensem whose qualification will be an adequate knowledge of English and good handwriting. Copies of the notes will be supplied at 4 annas each not only to Central Banks, Federations and Unions but also to

(i) all members of societies audited,

(ii) Governing Body members of any union to which the society is affiliated and

(iii) Governing Body members of the Financing Bank, Federation or District Council of Supervision.

CIRCULAR OF THE DEPUTY REGISTRAR.

V Circle, Madras, (No. Dis. B 334/27 dated 28-2-27)

All Unions are informed that in the case of the societies where full-timed Clerks are employed for working the accounts, no remuneration ought to be allowed to the office bearers of those societies.

RECENT UTTERANCES

The Registrar's Speech at Tirupur while opening the Trading Union, on 7th March 1927.

Gentlemen :

First of all, I wish to say how much I appreciate the honour done to me in inviting me here to inaugurate a new branch of co-operative activity in this district and also in the appreciative remarks you have made of the officers in my department who have assisted in the organization of this work.

You have suggested two immediate requirements regarding which it may be in my power to assist you. You ask for certain financial arrangements to be made with the District Central Bank. I am of course in no position to make any promise but I will discuss that matter with the management of the Bank and trust that a satisfactory arrangement will be reached. The other matter is the provision of funds for the construction of godowns. I quite agree that it is most desirable that the society should own its own godowns and you may be assured that I shall do everything possible to assist you in this object. No sum has yet been placed at my disposal for this purpose, but I hope in the next financial year to have an allotment for this purpose.

I may say that it gives me particular gratification to launch this enterprise for it is one which the department has been striving for some years to popularise. It is more than three years since I drafted by-laws for a society near Tanjore formed to grant loans on produce secured in its godown as a preliminary step towards co-operative sale. Since then, the system of granting loans on produce has extended and to-day we have reached another milestone on the road to co-operative wholesale marketing. We have heard a great deal in recent years, of the necessity for improving the economic condition of agriculture in India and there is a Royal Commission now investigating the position. So far as agriculture is concerned, this involves in chief three points: for the agriculturist there is a fourth. The first need, as matters stand at present particularly in regard to small holders, is for loans readily available on easy terms—not loans to finance a crop on such terms that it takes almost the whole crop to repay it but loans which, at the end of the year, will with careful management leave a ryot in a better position than at the beginning so that in the course of time he will be able to live and finance his next cultivation not on what he hopes to earn by that crop or the one after it but on the crop he has already reaped and gathered in and instead of paying interest to his co-operative society to receive interest from it, having sold his crop and deposited the price. There are at present more than adequate funds in the financing banks to meet the demand for short term loans to finance cultivation. I cannot pretend that long term loans are available adequate to convert many large old debts into co-operative debts; but I can see no excuse now for ryots to go to petty money lenders to finance their cultivation on terms far less advantageous than those offered by the co-operative societies.

Secondly, a means must be sought to enable a ryot to get a more valuable produce from his lands. This is a matter of practical agriculture. Whether by improved implements or different methods or special seed he can get a more profitable crop is a question on which further information is constantly being sought in the experimental stations of the Agricultural Department. It is not for the Co-operative Department to give advice on technical matters, but for advertising to the ryots the results of the Agricultural Department's researches and for demonstrating the practical results of following the advice of the Agricultural Officers the co-operative organization is always available. In this category also falls the work now being done to ascertain to what extent it is advantageous to instal power pumps for well-irrigation.

The third requisite for the ryot is the facility for getting the best possible price for his crop. You are all aware of the disadvantages from which a ryot suffers when he disposes of his crop, whether under pressure of circumstances or for any other reason, to the sowcar or local agent in the time-honoured manner. A general advance has been made by providing for produce loans enabling a ryot to lodge his produce to his credit society obtaining cash for his immediate need and preserving his crop to sell when it appears most advantageous so to do. But an improvement was marked when arrangements were made for pledging produce in centralised godowns of which a few are now in use and a further considerable step forward is being taken here to-day in this trading union of which the members have agreed not only to pledge their goods to secure a loan but also to pool their cotton and allow the society to dispose of it in bulk to the best advantage. The union has undertaken to give further advantage to its members by the distribution of pure seed and will serve as a channel for communicating to its ryots the recommendation of the agricultural experts in cotton cultivation. These are in brief the objects. It remains for you to carry them into effect. For success, two factors are essential and I must congratulate you on the management you have been fortunate in securing. The other element of sucess is in yourselves. Loyalty to society and its aims is indispensable. Without it, the trading union must fail. Half-hearted support will at least delay the full realisation of your hopes and I would accordingly wish you to go forward confidently. Gentlemen! it gives me the very greatest pleasure now formally to start this Trading Union on these new activities, to inaugurate this co-operative market and wish it an immediate and permanent success.

RECENT NEWS.

A society for rural reclamation work has been started at Madura on 25th February last. Its objects are (1) to educate public opinion on the need for improving rural conditions, (2) to rebuild model villages improving the conditions obtaining in them—economic, political, educational and social, (3) to start and maintain schools or extension classes for training young men to befit them to undertake the betterment of village conditions, and (4) to do such other things as are necessary for carrying out the above objects. A small committee has been formed to take early steps to have the society registered as a duly incorporated body under law. A study class also, we hear, is being organised under the auspices of the society.

* * *

The United Provinces Co-operative Conference and the Industrial and Agricultural Exhibition held at Farukhabad on 27th February last were opened by H. E. Sir William Marris, Governor of U, P. His Excellency in his opening speech said that he was glad to open the Conference if only to emphasize as clearly as he could the importance attached by the Government to the success of the movement in that Province.

Sir George Anderson, Director of Public Instruction, Punjab, giving evidence before the Royal Commission on Agriculture, observed with great emphasis that vernacular education in rural areas had direct bearing not only on agricultural efficiency but also on the general conditions of rural life and its development and rapid expansion. He preferred teaching agriculture in ordinary vernacular schools to starting agricultural schools, and said that courses of rural schools were being adapted in that Province to rural requirements and the central subject of study in middle schools was to be rural science. Replying to Mr. Calvert, the witness observed that the reason of drift to cities was village dullness and that 'the tendency to babudom was due to the idea that if you pass the matriculation, the world was at your feet'.

* * *

An association of the Employees of Co-operative Societies in Trichinopoly District has been started at Trichinopoly recently. A similar association styled as 'the Nellore District Co-operative Supervisors' Association' has also been started recently at Nellore. We have received copies of rules adopted by both the Associations for their working. It is hoped that similar associations will be organised early in other districts as well with a Central Association at Madras for the guidance of the District ones.

* * *

Co-operation in Schools.—We are glad to learn that the District Educational Council of Ganjam District has recommended the introduction of the "Co-operative Reader" in Uriya in the Elementary Schools for the teaching of principles on Co-operation in Civics. The Ganjam District Educational Officer also issued orders to the Deputy Inspectors of Schools that this Co-operative Reader may be used in Standard V and above in Elementary Schools. The author of this Co-operatlve Reader is Rao Saheb M. V. Appa Row Pantulu, Retired Extra Assistant Registrar of Co-operative Societies, Berhampore, Ganjam District. English and Telugu copies of the same written by the same author are available with the author. It is hoped that other District Educational Officers will introduce this Reader in the Schools in their charge.

* * *

The Madura Co-operators' Association.—Mr. G. Srinivasa Ragavachari, Retired Assistant Registrar of Co-operative Societies, delivered an interesting address on 'Urban Banks' on Thursday the 31st March under the presidency of Mr. E. S. Sunda, President of the City Co-operative Union. Prefacing his lecture with the distinction between the Joint Stock Banks and Urban (Co-operative) Banks, he said that the necessity for the latter was of recent origin. Is it necessary to have an Urban Bank besides the Imperial and Indian Bank and other private Banks? The Indian and Imperial Banks are profit-making Banks to the interest of their shareholders. Those are not bent upon keeping the poor investors or poor persons with loans. Co-operative Banks besides give long term loans—a thing rare in other Banks. Hence the Co-operative Banks are Peoples' Banks (as known in Germany). He

deprecated the working of private funds which feed and live upon the default interest of middle class debtors. Among the chief and primary benefits of Urban Banks, there is no stamp fee, dividend not exceeding 9 per cent to the shareholders, no terrifying appraising fees etc.

A first principle of Urban Bank is that members should be known to each other. It promotes capitalisation of honesty based upon mutual knowledge. This naturally implies that members cannot exceed a certain number or that separate Societies should be formed to satisfy their needs. Will the formation of branches or the election of Panchayadars from several wards improve the matter? The liability of the Banks is always limited and hence one of the above plans should be resorted to to cultivate mutual knowledge.

There are several types of Societies i.e., (1) communal (2) employees, (3) religious, (4) professional to cultivate mutual goodwill and mutual knowledge. These require knowledge of Co-operative principles and men of real eagerness as are available for service. He accepted formation of Co-operative Societies among daily wage earners and said they alone would relieve their distress from the cruel hands of the money-lenders who grow rich on daily interest.

Mr. P. K. Sastry, Secretary of the Madura Urban Co-operative Credit Society, endorsed the remark of the Lecturer and pleaded for the division of the activities of the Urbau Bank. He was not very much in favour of Communal Societies and employees' but advocated the formation of Societies ward-war.

Mr. E. S. Sunda, the Chairman, brought the meeting to a close with a vote of thinks to the lecturer,

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NOTES AND NEWS.

The Late Rao Bahadur K. S. Ramanathan.

The news of the tragically sudden death of Professor K. B. Ramanathan came with all the shock of a personal loss to his numerous friends and students. It is a great loss to the public of this Presidency to whom his name was synonymous with scholarship and sterling character. *The Hindu* observes: "'K. B. R', as he was affectionately known, was for more than a third of a century an institution in Madras and one of the chief glories of Pachaiyappa's". He led an exemplary life. He never cared for the applause of either those in power or the multitude. He was one of the founders of the Triplicane Urban Co-operative Society. One of the oldest co-operators in this Presidency, he was unostentatious, serene, genial and of independent views, touched with the sympathy of the scholar equally well read in books and in the hearts of men, which characteristics permeated all his varied activities. None who knew him even slightly could deny the depth of emotion and sympathy which lurked behind his somewhat quiet exterior.

He was for long connected with the Madras Provincial Co-operative Union and up to the day of his lamentable death, his name remained in the Union's list of honoured co-operators of this Presidency.

In his death, India has lost a great scholar, a genuine co-operator and an exceedingly good man.

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A Committee of enquiry.

Co-operators have been urging for a committee of enquiry during the past 3 years in several conferences. The Conference of last year passed a resolution that if the Government did not appoint a committee within 6 months, the M.C.U.B. and the P. C. U. should appoint one. A note was submitted to the M. C. U. B. to consider the question of personnel and funds and the Government was also requested to expedite their reply. In view of the change of Ministry, it was considered proper to give some more time to the Government to appoint the committee. Meanwhile, Mr. C. Gopala Menon moved a resolution on March 31st asking for a committee of enquiry. Even though the motion was talked out, we hope that the Minister would take the necessary steps for the early appointment of a committee with specific terms of reference relating to imminent problems and with instructions to report within a period of 3 months.

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Advances to Ryots for Purchase of seeds.

We are glad to note that a sum of Rs. 30,500 has been provided in the recent budget to be distributed by the Agricultural Department either through the Co-operative Societies or independently to the ryots in the districts of Bellary and Anantapur where, owing to the failure of the monsoon, there would be a great lack of good seeds at the sowing of the next season. But our appreciation of the liberal policy of the Government is not an unmixed one, for, the grant to the Agricultural Department indicates two things, firstly, that the Co-operative Societies are not live institutions to be trusted with large responsibilities in times of crises, and secondly, that the existence of two departments both dealing with the ryots, the one for credit, and the other for non-credit. This does not conduce to the achievement of maximum benefit to the ryot. While the strengthening of Co-operative Agency may take some time, the other defect of the bifurcation of the work of rural development under two departments can be remedied by the amalgamation of their functions at the bottom. We hope that the Minister for Development will lose no time in exploring the possibility of such an amalgamation.

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Schemes of new expenditure in the recent Budget.

The recent budget as sanctioned by the Legislative Council provides for an additional Inspector of Co-operative Societies in the Madras City on Rs. 800, revision of pay of the staff in connection with Land Reclamation Societies for Rs. 950, additional Inspectors for the supervision of Labour Societies Rs. 6,600, 50 Honorary Assistant Registrars Rs. 8,750, and payment of subsidies for 5 district federations Rs. 5,000. The grant on the whole amounts to a recurring sum of Rs. 22,100 of which the cost in 1927-28 amounts to Rs. 15,740. We consider that the amount spent on the Honorary Assistant Registrars is a waste and leads to conflict in the unions, and the wiser policy would be to transfer the allotment as subsidies to District Federations and the Provincial Union. We are also unable to understand the large grants made for the appointment of Inspectors under the Labour Department for co-operative work without first settling the relationship of the Labour and Co-operative departments. The earlier this question is solved, the better will it conduce to the progress of co-operative movement on sound lines.

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A Special Officer for the Survey of Cottage Industries.

Another proposal which has been recently sanctioned by the Legislative Council relates to the employment of a special officer to carry out a survey of the Cottage Industries in this Presidency. The Government have provided for an ultimate cost of Rs. 7,670 for a period of six months for appointing an experienced officer of the Madras Provincial Civil Service, a clerk on Rs. 40 with shorthand allowance and two peons on Rs. 15. The special officer is not charged with the duty of making a roving survey which means nothing, but to study a Taluq and on the basis of his study to issue a useful questionnare which will be used by honorary workers for making surveys in other areas and introducing supplementary industries adapted to them. The scheme is a practical one and we dare say that the Hon. Mr. A. Ranganatham, the Minister for Development, will achieve something in developing subsidiary cottage industries in the Presidency.

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Development Minister in S. Kanara.

We have received a copy of the address presented to the Hon'ble the Minister for Development by the Co-operators of South Kanara District on the occasion of his recent visit. The address is very brief and free from the taint of statistics which, it is rightly observed, are not often a correct guide as to the strength and progress of the movement. The Co-operators state therein that they are deeply conscious of their failures and of the dark clouds ahead. We wish Co-operators elsewhere will make an introspection of their affairs and find out how exactly they stand. The S. Kanara Co-operators add that they realise that the time has come when both the official and non-official members of the movements should put forth their strenuous endeavours *to take stock of the past and plan out for the future,* so that the movement may lead to the desired end. We invite the attention of Co-operators all over the Province to the words in italics in the above passage and trust that they will, like the South Kanara Co-operators, realise the great need that now exists for taking stock of the present situation, the legacy of the omissions and commissions of the past, and frame a suitable programme for immediate adoption for the requisite rectification and improvement.

The words 'consolidation' and 'expansion' are uppermost on the lips of Co-operators in recent months. These terms imply first a thorough investigation of the present situation and the adoption of an immediate programme for the betterment of affairs. The action taken should follow a defined and well-regulated course and we trust that the forthcoming Provincial Conference and the Conference of Central Banks will do the needful.

REDUCTION OF AGRICULTURAL INDEBTEDNESS.*

The Honourable Mr. V. RAMADAS PANTULU (Madras: Non-Muhammadan): Sir, I beg to move the following Resolution which stands in my name:

"This Council recommends to the Governor-General in Council to adopt measures for the reduction of agricultural indebtedness in India and to establish Land Mortgage Banks to provide agriculturists with long term, easy and productive credit."

Sir, the aim of this Resolution is to draw pointed attention to the low economic condition of the agriculturists in this country and to urge upon the Government and my Honourable colleagues here the imperative necessity of improving the efficiency of the agriculturist. 73 per cent of our population live in villages and depend for their sustenance upon agricultural incomes. So any attempt to uplift this country cannot succeed unless and until the condition of the vast agricultural population of this country is improved. At present, the ryot is actually weighed down and is groaning under the heavy burden he carries on his shoulders, the heavy loads of agricultural indebtedness and traditional illiteracy. The consequence is that the rural population now lives in an atmosphere of utter depression. The poverty of the Indian ryot is proverbial. This poverty with its concomitants is cutting into the vitals of the rural body economic. Unless its ruinous course is arrested, Sir, I am painfully conscious that it is bound to lead to economic paralysis, if not to economic death. The causes of this poverty are many and varied. They are actually working in a vicious circle. They can be summed up in one word, namely, chronic poverty leads to low agricultural production and low agricultural production in its turn leads to poverty. This low agricultural production conveys with it three important significations. *First* of all, it means that the quantity of produce raised by the people in this country per head of population is considerably less than what is required for the economic needs of the people. It is well known that a vast majority of the people of this country are underfed and are ill-clothed; many of them go without a full meal a day and many more without two meals. The *second* significance of low production is that the unit of produce obtained from land in India is less than the unit of produce got from an equal area of land in other countries. I have been looking at some very interesting

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* Debate on a resolution on the subject brought forward by the Hon'ble Mr. V. Ramadas Pantulu in the Council of State on 24th February 1927.

agricultural statistics collected in the International Year Book of Agricultural Statistics for 1909 to 1921, and a perusal of those figures has disclosed some startling facts. Take for instance the two staple crops, wheat and rice, and the two commercial crops, oil seeds and cotton. What I find from those figures is that the unit in the case of wheat is 23·8 in the United Kingdom, 16·5 in France, 17·1 in Egypt, while it is so low as 6·5 in India. Then in the case of rice, as against 19·6 in the United States of America and 27·2 in Egypt, India's figure is only 15·7. With regards to oilseeds, as against 4·4 in the United States and 8·7 in Egypt, our unit is 3. Our figure for cotton is 1·1, as against 2·7 in Egypt and 1·4 in the United States. With nearly half the acreage of the world under sugarcane, India produces about one-fifth of the cane sugar of the world. I believe it was Sir Viswesvara Aiyer who drew pointed attention to the fact that Japan with a population of 56 millions is able to give them sustenance with a cultivated area of 17 million acres, while in British India a population of 200 millions is hardly sustained on a cultivated area of about 220 million acres. The *third* significance of this low agricultural production is the low quality of the products and the consequent disadvantage which Indian products suffer in the world's markets in comparison with the products of other countries. Indian products only fetch a low price, but as they are inferior in quality they are being literally driven out of the markets. So that even in this field of hereditary occupation in India, the competition of the more advanced countries is telling very injuriously.

This poverty has been the subject of investigation by the Government of India and Local Governments on various occasions, but so far as I know no organized attempt has been made to consider the question with respect to India as a whole, and I am unable to find any reliable figures which will show the exact amount of indebtedness or the causes of and remedies for indebtedness. It is generally computed, Sir, that the agricultural indebtedness in India at present is about 600 crores, and in my Province some investigations were made which disclosed the fact that the agricultural debt in Madras is somewhere between 90 and 100 crores. The question was considered at some length by the Commission appointed to investigate into the causes of the agrarian riots which occurred in the Deccan in 1875, and the findings of that Committee would seem to be of very real value even now, because Sir Frederick Nicholson, who investigated the causes of poverty in my province, has pointed out that the findings of the Commission are of general applicability in spite of the fact that the inquiries of the Committee were confined only to a small restricted area. Sir Frederick Nicholson summarized the findings of the Committee as to the cause of agricultural indebtedness thus. The causes were:

First, poverty with unproductive soil, precarious climate, and irregularity of income;

Second, ignorance and improvidence;

Third, extravagance;

Fourth, ancestral debt;

Fifth, expansion of credit;

Sixth, increase of population without corresponding increase of return;

Seventh, facilities for borrowing owing to influence of money-lenders;

Eighth, the limitation laws, as leading to renewals on usurious terms including compound interest;

Ninth, revenue system of a fixed demand.

If we examine the conditions of other provinces, perhaps it will be found that all these causes are operative in varying degrees. Some of the causes will be more predominant in one province, others in other provinces. The excessive fragmentation of holdings which has led to the uneconomic character of the holdings and some other factors were not mentioned in the findings of the Commission; but they can be brought perhaps under one or other of the heads summarized by Sir Frederick Nicholson. But I think the findings of the Committee have omitted to mention a very potent cause which appears to have contributed very largely to the increase of indebtedness: it is the destruction of cottage industries and the consequent loss of income to the ryot by a subsidiary occupation in times of off-season.

Then with regard to the question whether the indebtedness is increasing or decreasing, I think there is general agreement on the question that this indebtedness is increasing and not decreasing. I shall quote one very good authority, Sir Edward Maclagan, to whom we are all indebted for a brief but illuminating conspectus of the situation as it stood in 1911. He observed as follows:

> "It has long been recognized that indebtedness is no new thing in India. The writings of Munro, Elphinstone and others make it clear that there was much debt even at the beginning of our rule. But it is also acknowledged that the indebtedness has risen considerably during our rule and more especially during the last half a century. The reports received from time to time and the evidence of annual sale and mortgage data show clearly there has been a very considerable increase of debt during the last half a century."

Before I proceed, Sir, to suggest the ways and means for reducing this debt, let me guard myself against a possible misapprehension. I must not be understood as stating that indebtedness is in itself an alarming feature. Indebtedness, when productive, is really helpful. A productive debt is as helpful to an agriculturist as capital advanced to an industrialist. Therefore such portion of a debt as is really productive is not a cause for any anxiety. Secondly, let me also make it clear that I am not denying that the agricultural population of this country have had their share of the benefits which have accrued to the country at large by the improvement of communications, by vast irrigation schemes, by the opening of trade, by the maintenance of law and order and such other facilities, which have developed in the last fifty years. Indeed, it has been asked very often why indebtedness has not decreased in spite of all this prosperity. One probable answer perhaps is that the indebtedness has not decreased, and is there, *not in spite of* these things but *because of* these things. These factors have contributed to impart an enhanced value to the land as well as to agricultural products. And the system of land settlement and record of rights has invested individual ownership with an authoritative estimate of value, and therefore the land has become a very coveted security and it has enhanced the borrowing power of the ryot. So debt is perhaps increasing on account of the facilities which these factors have contributed to the borrowing capacity of the ryot. But the tragedy of the situation is that these facilities are not used by the ryot to improve his economic condition; on the other hand, he is faced with difficulties which have led to the increase of unproductive debt. The consequence is that to-day he is in a very low state of economic efficiency and is unable to produce enough for the people of this country.

Sir, the next question is, assuming that there is all this indebtedness, how is the Government interested, how is the Government bound, to look into this matter? Is it not a matter between creditor and debtors? Why should Government be asked to reduce this debt? To my mind the answer is very simple. The low economic efficiency of the ryot will lead to a deterioration of the soil and impair the productivity of the land. Land is a national asset, and the State is bound to preserve it in an efficient condition and in an economic state for the benefit of future generations. The State also derives most of its income from the land. Therefore, these considerations ought to be sufficient to induce the State to see that the economic condition of the ryot, which is the cause of his poverty and low efficiency, is improved. Sir Edward Maclagan has given other very good reasons for the State being interested or being under an obligation to reduce the agricultural indebtedness of the country. He says:

"It is necessary for the Government, not only in the interests of the people but also in its own interests, to see that the evil does not spread too far and that its consequences are mitigated as much as possible. It must, in the first place, be remembered that if large body of people is oppressed by a load of debt, they must necessarily become dispirited and discontented not only with the load of the debt itself, but also with the classes to whom debt is owing and with the agencies to whom the severity of the debt is attributed. It is further impossible for the Government to view with equanimity any large increase in wasteful and unnecessary expenditure by which the balance at the disposal of the peasant for improving agriculture is seriously reduced. There are also certain consequences of indebtedness such as mortgage or sale of land which lead directly to class discontent, and occasions will arise when the intervention of Government is necessary to prevent the growth of a large body of discontented agriculturists who have lost possession of their ancestral properties."

He proceeded to illustrate these dangers thus:

"The Sonthal rebellion of 1855 was due to an outburst of the peasant debtors against their creditors and there was a good deal of the same sort of thing in the United Provinces during the course of the Mutiny in 1857. The same cause was the origin of the Deccan riots of 1875 and of the riots at Ajmer in 1891. It was therefore held by many competent authorities that the constant transfer of lands from the peasants to the creditor class entailed a political danger and that the Government could not afford to wait till the danger came to a crisis."

Therefore, it is the interest and the duty of State to see that the indebtedness does not grow to alarming proportions.

The next question is, what has the Government done and what do the people want Government to do? Various remedies have been adopted by the people and the Government have also tried several methods of reducing indebtednes. Broadly speaking, these remedies can be grouped under five heads. *Firstly*, removing from the peasant, as far as possible, all causes for uneconomic borrowings and inducing him to confine his wants as far as possible to legitimate objects. *Secondly*, adoption of measures to ensure for the peasant fair treatment in the determination and recovery of debts claimed against him by the improvement of the provisions of processual and contractual laws. *Thirdly*, adoption of measures calculated to prevent the peasant from experiencing the more serious consequences of indebtedness, such as the loss of land or the permanent impairment of capital by restricting the power of alienation over the land. *Fourthly*, relieving pressure on the land by promoting schemes for the reclamation of fresh land and creation of subsidiary occupations; and *fifthly*, devising means by which the peasant may obtain such money as he really wants for economic objects on easier terms than are now available and with less disastrous results; in other words, measures undertaken with the object of providing and maintaining credit or redeeming debt.

I shall confine myself to the last of these remedies and say nothing about the others which are all in operation in some degree. It is perhaps not so well known as it ought to be that agriculture like every other industry requires capital and credit for its being carried on. Mr. Wolff puts it very well when he says:

"Under pressure of advancing times, agriculture has long since become from the easy self-rewarding occupation which it is understood to have once been, a business of money and enterprise like all other business, having the same tasks set to it but not the same means at its disposal wherewith to accomplish the task."

So credit is indispensable. But where does it come from? It usually comes from money lenders and other sources which do not pay any attention to the purposes for which the agriculturist borrows money or the purposes upon which he spends it. Moreover, the doors of agencies like joint stock banks and other institutions which are expected to lend money on easy terms are practically closed to the agriculturist and the landholder for causes which it is not necessary for me to enter into. Rural credit has several complications with which I have no time to deal. But it is of two varieties as all of you know—what is called short-term credit and what is called long-term credit. Short-term credit is an advance made to the agriculturist for carrying on his profession for purchasing seeds, fertilisers, for the cost of repairs, payment of *kist* and so on, which are recurring needs. Long-term credit is intended not only for lifting his old debts, but also for the purpose of making permanent improvements to land by sinking wells and so on, or by turning uneconomic holdings into more profitable economic ones, by executing costly repairs, purchasing lands and so on. It has been the practice with the State in India from ancient times to advance money for both these kinds of needs, and the British Government have accepted in theory this responsibility and have been advancing monies under two legal enactments, namely, the Agricultural Loans Act of 1883 and the Land Improvement Loans Act of 1884. But the money advanced is not claimed by anybody to be sufficient or adequate. In recent times, the organisation of co-operative credit societies has added another source of supplying short-term credit to the agriculturist. But the fringe of the problem of long-term credit has not yet been touched. There are certain peculiarities with regard to long-term credit which deserves special mention. The *first* feature of it is that this credit ought to be under a system of controlled borrowing wherein the purposes for which the loan and the manner in which it is spent are

controlled by the creditor. *Secondly*, we should advance a sufficiently large sum of money to the agriculturist to enable him not only to lift his old debt but also to leave a sufficient surplus in his hands to effect permanent improvements to the land so that it may yield an increased return out of which he can pay back the loan. *Thirdly*, the money should be recovered in such a manner that it does not compel the debtor to borrow from other sources or to sell his land for paying back the money; in other words, it must be recovered from the margin of profit of his holdings in small driblets spread over a long period of time. From this, it follows that few individuals and few joint stock banks who hold their funds at call can afford to tie up their capital and take it back in driblets as it is refunded bit by bit out of the earnings or savings from the soil during a long series of years. Therefore, a very special type of institutions has got to be improvised to satisfy the needs of the agriculturist. This type of institutions is called land credit associations or land mortgage banks. I have no time to go into the features of these banks. Various schemes have been propounded as to the most suitable forms of land mortgage banks for India.

The common feature of them all is that money is raised by floating debentures on the security of mortgages executed by ultimate borrowers to whom money is lent to the extent of 50 to 75 per cent of the value of their holdings, and debenture holders hold as security a floating charge upon the mortgages. That is the general feature of it; but in various provinces, various schemes have been set on foot which differ widely from each other. But whichever of these schemes may be adopted, I am of opinion that these land banks cannot be effectively started without some kind of State aid. I am not asking Government to lend any appreciable amount of money to these banks—it is unnecessary. There is enough money in the country forthcoming for the purpose, but only the State must give its initiative and aid in some form or another. The forms in which the State may usefully aid were stated by me to the Royal Commission on Agriculture before whom I gave evidence and I shall merely enumerate them here:

(1) "The State should contribute to the cost of inspecting and valuating land and assessing the credit of borrowers. (That is the most important function of a land mortgage bank)

(2) The interest on the debentures should be guaranteed by the State till they become popular in the market.

(3) The State should also invest in the mortgage banks monies lying in deposit with it at little or no interest.

(4) The Trust Act should be so amended as to permit the investment of trust funds in debentures of land mortgage banks.

(5) The right of summary recovery and other statutory facilities under safeguards, should be given to these banks."

I am glad to acknowledge that the Royal Commission on Agriculture is devoting attention to this question of land mortgage banks, and the noble Marquis who presides over it has been taking a great deal of trouble to ascertain the way in which these institutions where they exist are working and the manner of improving them. I am hopeful that they will give a definite lead to this country by making some practical suggestions in their report when it is published, and that it will prove a real boon to the agriculturists. I have detained the house long, but I know that you will pardon me for being on my legs so long because I am pleading the cause of the agriculturist which is so dear to you all. It is but bare truth to assert that what promotes agriculture benefits mankind, and that the progress of agriculture and the progress of civilisation go hand in hand. With these words, I commend the Resolution to the acceptance of the Council.

The Honourable Colonel Nawab Sir Umar Hayatkhan (Punjab: Nominated Non-official): The reason why I hasten to get on my legs is that whenever any question like this which affects the welfare of the zamindars has come before the House, I have never lagged behind in supporting it. The House knows that extremes meet and though generally my Honourable friend the Mover and I do not see eye to eye, this thing to-day brings him nearer to my heart. The Agricultural Commission who are here cannot do anything to help us if this Resolution was not adopted. I will be amazed to see if any Indian or any man connected with India or any public servant who eats the salt of India were to get up and oppose this Resolution. About 90 to 95 per cent of the population is suffering from indebtedness and they ought to be thankful to our friend the Honourable Mr. Ramadas Pantulu for the Resolution that he has brought in to-day. I not only give him my whole-hearted support, but I think the only solution to uplift India lies in this Resolution and I do hope that that great statesman whom we have been praising yesterday with all our emphasis will rise to the occasion and say that the Government Benches are on our side to-day and adopt the Resolution. I cannot see, Sir, how any one can possibly go against this Resolution and I hope my conviction will be alright.

The *Honourable Khan Bahadur Sir Muhammad Habibullah Sahib Bahadur* (Education, Health and Lands Member): Sir, I think it will minimise discussion if I intervene at this stage and explain the position of the Government of India in respect of their attitude towards this Resolution, and I may assure my Honourable and gallant friend Colonel Sir Umar Hayat Khan that I am at one with him in my

sympathy for the interest of the ryot population. At the same time, let me assure the House that I feel it somewhat of an impediment to have to enter into the discussion of the Resolution moved by my Honourable friend from Madras on the floor of this House. If this Resolution had been debated in a Provincial Legislative Council, it would undoubtedly have received a fuller, a more exhaustive and a more favourable discussion. The Resolution in fact asks for an expansion of the co-operative movement with a view to the extension of land mortgage banks in the provinces so that the agricultural population may thus be enabled to obtain long-term loans. It therefore obviously deals with two branches of the administration, namely, the co-operative credit movement and agriculture. Need I remind Honourable Members of the fact that both these departments of administration are, according to the present constitution under which we are working, provincial transferred subjects and therefore under the control of provincial Ministers. It was not very long ago that a Resolution dealing with the co-operative movement in India was discussed in this very House on the motion of my Honourable friend Sir Ebrahim Haroon Jaffer. I then tried to make it clear to the House that this was not the proper place where a Resolution of that description could be discussed, much less adopted, and I then tried to show what the respective functions of the Provincial Governments and the Government of India were in regard to the administration of provincial transferred subjects. Even at the risk of tiring the patience of my Honourable friends I shall quote from that speech of mine a passage which I think will clear the position. I then said:

"When therefore we realise that this is an entirely provincial transferred subject, what should be the attitude of this House? The Joint Parliamentary Committee which examined the Government of India Bill laid down a very wholesome rule in regard to the relations which should exist between the Secretary of State in Council and the Governor General in Council and those who are in charge of transferred subjects. They laid down as an axiom which I shall read for the information of the House and that axiom was 'Over Transferred subjects, the control of the Governor General in Council and thus of the Secretary of State in Council should be restricted in future within the narrowest limits possible which will be defined by rules under sub-clause (3) of clause I of the Bill, and in pursuance of it, the Secretary of State has made the rules. They are as follows:

'The powers of superintendence, direction and control under the Act or otherwise shall in relation to transferred subjects be exercised only for the following purposes: to safeguard the administration of Central subjects, to decide questions arising between two provinces in cases where the provinces concerned failed to arrive at an agreement, to safeguard imperial interest and to determine the position of the Government of India in respect of questions arising between India and other parts of the British Empire'.

I then maintained that none of these conditions existed, and I therefore pleaded before the House that that Resolution could not well be discussed in this House, and I am glad to say that the Honourable Mover of the Resolution, when he saw the constitutional position involved, withdrew his Resolution with the permission of the House. We are to-day asked to discuss a Resolution which is more or less on the same lines, and I would once more submit for the consideration of the House the impropriety of discussing it here. But let me not be understood as meaning that the Government of India have no interest in or sympathy for the substance of the Resolution as moved by my Honourable friend. Indeed, I can assure the House on behalf of Government that there is no matter in which they would take greater interest than the upliftment of the agricultural population, which in this purely agricultural country is something like 80 per cent of the entire population. I would ask the House to hold patience until this very important question has been thoroughly examined, carefully considered and reported on by the Royal Commission on Agriculture. My Honourable friend Mr. Ramadas Pantulu has already told the House that he has appeared as a witness before the same Commission and given his evidence before it, and I was indeed gratified to hear from him that he hopes that, as a result of the investigation which the Royal Commission is now making, very important results advantageous to the agricultural community will necessarily follow. I can assure the Honourable Member that, when the recommendations of the Royal Commission on this very vital matter are received, the Government of India will examine them with that attention and with that sympathy which the importance of the subject demand. But even so, it ought to be apparent to Honourable Members that any direct action which might be necessitated on the recommendations of that Commission will have to be taken by the Provincial Governments concerned; for as I have stated already, this is a provincial transferred subject. It was only in January of last year that a conference was held in Bombay consisting of the Registrars of Co-operative Societies employed in the various provinces and a large number of officials and non-officials who were interested in the co-operative movement. One of the recommendations that was made by that conference runs thus:

"Mortgage banks based on co-operative principles are desirable in many parts of India. No transaction should be undertaken which is not economically profitable to the borrower."

And then they defined the objects of such mortgage banks. The principal objects should be—

(*a*) redemption of land and houses of agriculturists,

(*b*) improvement of land and methods of cultivation and the building of houses of agriculturists,

(*c*) liquidation of old debts, and

(*d*) purchase of land in special cases.

The Conference then went on to make suggestions regarding the area and management of such banks, the method of raising finances and of granting loans to members. In view of the constitutional position to which I have so often adverted, the Government of India, on receipt of the proceedings of this Conference, have communicated this Resolution to the various Provincial Governments, drawing their attention to it and asking them to take such action as they can.

Then I think I must say a word as regards the activities of the various Provincial Governments in this direction. It may be that the improvement in the development of this much-needed reform has not kept pace with expectations, but let me plead on their behalf that there are certain inherent difficulties in pushing this scheme through with such rapidity as one may desire or to hasten its pace. I shall not enter into all the difficulties which crop up in the successful working of land mortgage banks. I do not say they are insuperable, but the difficulties are there and have to be taken note of. In spite of that fact, I am glad to acknowledge that certain Governments are applying themselves whole-heartedly and with all seriousness to the development of this movement in their respective provinces and I cannot omit to mention on this occasion the names of a few provinces which have started these movements already, notably, Madras, Punjab, Bengal and Burma. Other Governments, I am credibly informed, have applied their mind in this direction, and I fervently hope that they will also start similar banks in their respective provinces and thereby fall in line with this very necessary activity. I am not, as my Honourable friend, Colonel Sir Umar Hayat Khan feared, opposing the Resolution, but I am standing here merely for the purpose of explaining the constitutional position and trying to show to the House that this Resolution, in its present form, cannot be regarded as a concern of the Governor General in Council, for it asks us, if the Resolution is accepted, to adopt measures for the reduction of agricultural indebtedness in India and to establish land mortgage banks. The adoption of measures for the reduction of agricultural indebtedness is entirely a matter within the cognizance of Provincial Governments, and, similarly, the establishment of land mortgage banks in the various provinces is also a matter which is within the cognizance of Provincial Governments. By the adoption of a Resolution like this, the Government of India could take no direct action beyond referring this Resolution back to the Provincial Governments for such measures as they may consider necessary to adopt. Let me repeat we have done that already and on the strength of the Resolution passed at the Conference of Registrars in Bombay in January last, we have taken that action. There is therefore nothing more that the Government of India could do at this stage. Further, they would not like to take any action until they are in possession of the considered recommendations of a Royal Commission which they have themselves brought into existence the other day and which, as has been admitted, is applying itself wholeheartedly and very seriously to a solution of this very important question. I would therefore, in the light of these few remarks, ask my friend, Mr. Ramadas Pantulu, whether he cannot see his way to withdraw his Resolution at this stage.

The Honourable Mr. P. C. Desika Chari (Burma: General): Sir, the Resolution in the main is only a request for the extension of banking facilities in India. Though the word "agriculture" occurs in this Resolution, I hope any narrow or technical or restricted interpretation of the various rules, which has been the fashion with the Members of the Government here to adopt, would not be acceptable to the Members of this House. Sir, no doubt agriculture is a transfered subject, but I do not think banking in India is a transfered subject.

The Honourable Khan Bahadur Sir Muhammad Habibullah Sahib Bahadur: May I at once enlighten the Honourable Member by saying that land mortgage banks are a transferred subject.

The Honourable Mr. P. C. Desika Chari: Sir, so far as the first portion of the Resolution goes, there is no objection, and that is, to adopt measures for the reduction of agricultural indebtedness. No doubt, the objection which has actually been put forward for the extension of co-operative banking facilities would not apply to this case, because I think, on the whole, the extension of co-operative banking would not solve the problem of agricultural indebtedness. Co-operative banking excludes land mortgages, because co-operative banking as worked in India will be unsuitable to the conditions of India. The agriculturist can be benefited only by long-term loans, and it is not possible for the co-operative societies to give long-term loans as they are at present. Unless these co-operative societies are thoroughly overhauled and given an altogether different basis of working, they will not function as land mortgage banks. Sir, after all, the Honourable Mover has it in his mind, by putting forward this Resolution, only to

request the Governor-General in Council to apply their minds to agricultural indebtedness; and I find, Sir, that on some ground or other which may be available to the Members of the Government, they refuse to apply their minds to this vital question. Sir, after all, the adoption of a Resolution of this kind is not likely to be objected to even by those people who want to uphold the fiscal autonomy of the provinces like my Honourable friend, the Mover. Sir, after all, we are not trying to hamper the activities of the provinces; this Resolution only asks Government to co-ordinate the activities of the various provinces in the matter of the reduction of agricultural indebtedness, and, as a matter of fact, they have seen their way to accede to the request for co-ordinating the action of the various provinces in this respect by the appointment of the Agricultural Commission. No doubt the Agricultural Commission will collect a good deal of information and they are bound to make some sort of a report. But is it any reason that we ought not to discuss and come to a definite conclusion on a Resolution of this kind? I should think the fact that the Agricultural Commission is going to report on this aspect of the matter is the very reason why I would ask the Honourable Members of this House to support the Resolution and to give the considered opinion of this Association on this question in which the Agricultural Commission is directly interested in making a report. Sir, the acceptance of this Resolution may indicate that the representatives of the people are in favour of adopting practical measures for the reduction of agricultural indebtedness, and this would go a long way to support any recommendation which may be made by the Royal Commission on Agriculture for the reduction of agricultural indebtedness.

Sir, coming to the various aspects of the case, I find that in India the various provinces of India are ground down by a net-work of moneylenders, and especially in Burma we have got a very large net-work of moneylenders extending to the villages of our Chetties and *Shahukars*. No doubt, these offer a good deal of assistance to the agriculturists, but from the way in which they work, the agriculturists are likely to disappear giving place to the money-lending landowning classes. Sir, it is very necessary to take up measures in giving facilities for relieving agricultural indebtedness by starting banks not directly under State control but by a system whereby the State would guarantee the loans made to the agriculturists. It is necessary that the agriculturist should be in a position to wipe off his indebtedness and to apply a portion of the money that may be available to him from these loans to adopt improved methods of agriculture, and the system of long-term loans which has been advocated by my Honourable friend would come in handy for the solution of the indebtedness of the agriculturist. I think that, if under proper guidance and under proper guarantees, the State comes forward to help the agriculturist to-day, they will have reason to congratulate themselves on their action because the sources of central as well as provincial revenue would be considerably improved and the adoption of the Resolution would directly accelerate the improvement of the central revenues in various directions. We very often find this theory trotted out that the State is the owner of the land in India, and if this theory is acceptable—and I see it is acceptable to the Government, and it is very careful to put forward that theory—it is but necessary that the State through its agency, the Central Government, should take steps to do its duty as the supreme landlord all over India, and it would serve no useful purpose to say that this function can very well be done by other people who have got restricted resources, who in fact find it almost impossible to carry on the administration with the rigid sources of income which are allowed to them under the system of Devolution Rules. With these words, I commend the Resolution to your acceptance.

The Honourable Maharajadhiraja Sir Bijay Chand Mahtab of Burdwan (Bengal: Nominated Non-Official): Sir, I do not know how you like the position to become the President of an association, as my Honourable friend Mr. Desika Chari likened the Council of State to a moment ago. We have rather travelled far in the discussion of this Resolution. For instance, the Honourable Mr. Desika Chari has given up all the lands and all the titles of superior landlords in this country to the Government in spite of what the Taxation Committee have said on this subject in their exhaustive report . . . .

The Honourable Mr. P. C. Desika Chari: I only said that they put forward that claim and they ought to act according to their profession.

The Honourable Maharajadhiraja Sir Bijay Chand Mahtab of Burdwan: He says he has put forward a claim on behalf of the Government . . . .

The Honourable Mr. P. C. Desika Chari: Not I. The Government put forward the claim.

The Honourable Maharajadhiraja Sir Bijay Chand Mahtab of Burdwan: However, I think on that point the Taxation Committee's Report is quite clear and what I wish to say at this stage is this. There can be no question that when a Resolution is brought forward which relates to agriculture generally and to the agricultural indebtedness of agriculturists, every one in this House will accord his support to that idea on principle and on theory. But when we have seriously to consider as to whether we should recommend to the Governor-General

in Council to take immediate steps to start a particular class of land mortgage banks which will help to minimise the indebtedness of agriculturists, we have got to take stock of not only what the constitutional position is of the Government of India, as has been so clearly stated by the Honourable the Leader of the House and the Member in charge of agricultural subjects in the Government of India, but also what the reasons are for this agricultural indebtedness in the country. I think, therefore, that if I may, I should in all seriousness ask the Honourable Mover to withdraw his Resolution at the present moment firstly, because I do not think that Members of this House would be justified in precipitating any action on the part of the Government until the Government of India have had the Report of the Royal Commission on Agriculture which is now holding its sittings in India and which has, I believe, got to hold further sittings next cold weather. The second reason why I think we should not press this Resolution today is this. I come from a province where the agricultural indebtedness of the ryots is very great. There is a Member of the Council of State here whose father was a great friend of mine and was one of the pioneers of what has now come to be known as the co-operative credit movement. He started in Rangpur a system known as *Dharmagolas* which was to help the agriculturist with the loan of paddy. We all know that in Bengal, the real curse of agriculture lies in the fact that there is so much sub-infeudation. Sub-infeudation goes on in my province to such an extent that, although we may call the Bengal ryot an agriculturist in name, I have often felt that the poorer ryots in Bengal would really do better financially if they had other occupation than agriculture and that there were bigger farmers in the province to carry on the farming. That is where the real problem of the future of agriculture lies in this country, namely, that, whereas those in Bengal, for instance, who are known as the great zemindars like my humble self, are not a menace, are not in any way an impediment to the improvement of agricultural prospects in the province, there can be no doubt that the power that lies in the hands of the tenure holders does impede the progress of the lower agriculturists. On the other hand, the smallest agriculturists by means of sub-infeudation have got into a position by which they are only agriculturists in name or in fact paid labourers of their immediate superior landlords. It is therefore, that I say that the question is not free from difficulties and if we were to be carried away purely by sentiment and give support to this Resolution, we would not be benefiting the country generally, nor would we be helping the cause of agriculture in the way we would like to. For all these reasons, I do think that the Resolution is premature, in view of the fact that there is this Royal Commission on Agriculture going about the country.

The Honourable Rao Sahib Dr. U. Rama Rau (Madras: Non-Muhammadan): Sir, I welcome any Resolution which has for its object the improvement of the lot of the agricultural population of this country, and I all the more welcome this Resolution, because it aims at redeeming the agriculturists from a condition of misery and starvation and freeing them from the relentless hands of usurers and money-lenders. Agricultural indebtedness has become a chronic sore, something like a cancer, eating into the very vitals of village life. Sir, this pitiable state of affairs is not entirely of the agriculturists' own seeking. The Government of India have also an equal, if not greater, share in bringing about this climax. The first appearance of the cancerous condition of the Indian agriculturist can be traced to the ruinous Land Revenue Policy of the British Administration in this country. The land-tax in India has almost reached the breaking point, and what with the frequent settlements and re-settlements as in the Madras Presidency, which helped the Government considerably to enhance the land-tax from time to time and what with the vicissitudes of the weather which brought about famine conditions every now and then, the agriculturist had perforce to contract debt and lead a life of chronic poverty and perpetual misery. Irrigation facilities are woefully wanting in many parts of the country still, transport facilities, such as roads, railways, etc., are poor, facilities for technical and vocational training and compulsory mass education are absent, and yet, Sir, the poor agriculturist is saddled with water cess, road cess, educational cess and a number of other cesses which add to his burden. Secondly, Sir, the defective educational policy of the Government, I mean secondary and collegiate education, is responsible also for the deplorable condition of the modern villager. I do not question for one moment the sincerity of those statesmen like Lord Macaulay, who had carried out the educational policy of India, which was calculated to the advancement of the Indian nation, morally, materially, intellectually and politically. But, Sir, in the practical application of this policy, by later day British statesmen, who were responsible for the governance of India, this broad and liberal policy had been whittled down and brought within very narrow limits, and our Indian universities to-day are more engaged in the manufacture of a countless host of quill-drivers, lawyers, doctors, engineers and other professionals who are necessary for administrative purposes, than in the production of technical and scientific men who could advance the industrial and agricultural regeneration of India. The net result of this short-sighted policy is that we have at the present day an army of unemployed midde class men, who had pawned their lands and spent their all in costly English education and had been left to their fate without any means of subsistence. The indebtedness of the agricultural population and the present deserted condition of the villages, where we find only naked walls and encumbered lands, emaciated peasants and ill-looking livestock, are but the outcome of the craze for study and service and consequent migration to towns and cities. The Government have since found out the folly of their educational policy, and now goes forth the incessant cry to the unemployed "Back to your village homes and back to your agricultural pursuits"; but it is already too late to effect it. The dearth of agricultural labour in the villages, due to the disastrous emigration policy of the Government, of which the less said the better, is also another contributory cause to the high cost and low yield of produce, and the consequent necessity for the agriculturist to place himself under the mercy of the money lender. Lastly, Sir, the social evils of the people themselves, such as marriage and funeral ceremonies, and the high standard of living copied from the townsfolk, who in turn have copied from the west, have added largely to their burden of debt. The *sowcar* is ever ready to receive the poor ryots with open arms and waits at their very doors to advance money with exorbitant interest, say 24, 36 and even 48 per cent. The banks in towns and cities which are meant exclusively for the commercial classes, and where large Government balances are available for speculators in trade, are closed to the poor ryots. The co-operative societies which have been recently started in various Provinces are more useful to the urban population than to the agriculturists in rural tracts. The establishment, therefore, of land mortgage banks within easy reach of villagers and with less of red-tapeism about them, which will lend, on the security of their lands, long-term loans at a cheap rate of interest and short-term loans, on the security of their produce, to meet their *kists*, to purchase seedlings and to meet the expenses of agricultural operations generally, would, I think, form the first step in village construction work, by which the Government attempt to solve the unemployment problem. Until the villager is redeemed from his indebtedness and poverty and until village life is made attractive and cultivation shown to be remunerative, the unemployment problem will remain unsolved for ever and village reconstruction will only be a pious wish, impossible of realization. I know the Government are going to say in reply to this Resolution, they are sure to say, "Why all this fuss and haste about land mortgage banks and the like. We are going to have Reserve Banks, as per recommendations of the Currency Commission, which would meet the needs of the agricultural population as well. Let us also await the recommendations of the Agricultural Commission, which is now sitting" and so on and so forth, thus postponing indefinitely this very useful measure. But I, for my part, am not quite sanguine about these Commissions.

What the agriculturist sadly wants now, Sir, is not Reserve Banks, or scientific methods of agriculture, but some agency to replace the *Sowcar* and easy flow of money into his hands for the redemption of debt and development of agriculture in his own way, which has been long neglected. Slowly he may be induced thereafter to pursue scientific and modern methods of agriculture to improve the soil and better his position. To put the whole thing in a nutshell, Government must undertake to subsidise the agricultural industry through banks established by them, and redeem the agriculturists from their present chronic indebtedness. Until that is done, there can be no salvation for them. Commissions may come and Commissions may go, but the poor agriculturists must go on for ever with their mournful thoughts for the morrow and the nightmare of the money-lender. Wtth these few words, Sir, I strongly support this Resolution.

The Honourable Major Nawab Mahomed Akbar Khan (North-West Frontier Province: Nominated Non-Official): Sir, I did not know that the discussion of this Resolution would be in any way against the constitution, because I think we are not discussing this Resolution here in order to take away powers from the Local Governments, but by way of a reminder to some of the Local Governments who have not yet taken any action in the matter. I heard the Maharaja Sahib of Burdwan say that the land-owners in the various provinces are not an impediment. I would rather go further than that, Sir, and say that in the North-West Frontier Province and in the Punjab, as my friend Colonel Nawab Sir Umar Hayat Khan will bear me out, landlords generally advance money which is called *takavi* to their tenants, and when there are bad harvests the landlords there feed, look after and clothe their tenants. They take a paternal care of their tenants.

The Honourable Maharajadhiraja Sir Bijay Chand Mahtab of Burdwan: May I inquire if my friend says landlords were an impediment? I did not say they were.

The Honourable the President: The Honourable Member is explaining that he would go even further than the Honourable Maharajadhiraja.

The Honourable Major Nawab Mahomed Akbar Khan: I was not saying anything by way of criticism. What I say is that the landlords in these two provinces, the conditions in which I know, take good care of their tenants. I heartily appreciate the motive of the Honourable Member in bringing forward this Resolution, which concerns the major portion of the population of this country, and I do not think any Honourable Member of this House would like to take exception to its being carried through. India is an agricultural country in which I had

thought that 75 per cent. of the population were agriculturists; but I find from the speech of the Leader of the House that the percentage is 80; 80 per cent. of the population are agriculturists forming the chief source of life in it.

With such a vast majority, the agriculturists ought lo have beeen the most prosperous and wealthiest class of people in comparison with their neighbours of other professions, whereas, as a matter of fact, they are the most needy and the most oppressed of all the other communities inhabiting this vast country. It is simply this class of people that deserve the utmost sympathy of the Government to relieve it of the numerous miseries confronting it from all sides. These are largely due to their indebtedness to the bankers, from whom they are compelled to borrow money on interest under unavoidable circumstances. For instance, the agriculturists have greatly to depend upon the fairness of the elements; in the first place, there is the question of rainfall which, if it comes at the proper time, proves advantageous and if not, the agriculturists generally go bankrupt. In the second place, there is the fear of unfairness of weather which proves greatly detrimental to the interest of the agriculturists. Last though not least, are the ever increasing demands of Government in the form of land revenue and water rates imposed on the agriculturists by virtue of settlements after every 30 years. The agriculturists accustomed to certain expenditure cannot reduce their expenditure and the consequence is that they have no alternative but to borrow money from the bankers in order to satisfy the demands thus recalculated by every fresh Settlement. Lucky are those who do not find themselves under the imperative necessity of sharing half of their income with the Government after every 30 years—I mean the zamindars of Bengal.

I need not go into any further details of the calamities attending the harvest of the agriculturists so long as they are not gathered and sold in the market, for these are no secrets to Honourable Members of the House. Suffice it to say that such calamities have always compelled the agriculturists to borrow money on interest which has proved fatal to them not very long afterwards. It is this worry of interest that the agriculturist have no way to escape from and it is a matter of everyday occurrence that a small amount of money taken on interest has resulted, after a space of three years, in a life-long bondage to the banker. Now, Sir, it is this way of business and consequently lack of funds with the agriculturists that has proved a great impediment in the way of an improvement in agriculture; for when an agriculturist has not sufficient means to satisfy the demands of his creditor, he cannot be expected to possess surplus money enabling him to devise any improvement in his work. It is this lack of funds with the agriculturists that has generally to account for the deterioration of the growth of crops in India, so much so that it stands at one-third of that of Egypt. Apart from this, the amount of debt owed by the agriculturists in India is increasing every day, so much so that it is said to be roughly estimated at 600 crores of rupees in the last year. Under the circumstances, it would be in the fitness of things if some measures are adopted to relieve the agriculturists of their every-day-increasing afflictions especially those of accruing debts. The measure proposed in the Resolution brought forward by the Honourable Mr. V. Ramadas Pantulu is highly commendable, and it is to be hoped that the Government will very kindly see its way to act up thereto at an early date. The establishment of banks proposed would greatly lighten the burden of the agriculturists as it will advance money to them at comparatively lower rates of interest and with no hasty demands for prompt payment but by way of easy instalments.

The Honourable Mr. V. Ramadas Pantulu : Sir, I am very thankful to Sir Muhammad Habibullah for having expressed general sympathy with the substance of my Resoluiion and the object of it, but I am sorry to say that I do not see my way to withdraw it. I shall very briefly answer the constitutional point raised by him. I regret to say that my Honourable friend has overlooked a very material fact in raising that point. He has evidently forgotten that there are administrations under the direct control of the Government of India to which the reforms adumbrated by the Government of India Act have no application, and there is no question in regard to these administrations of any subjects being Provincial or Imperial. The irony of the situation is that the very place where we are sitting, the Imperial Capital of Delhi and its surroundings, is not a province to which the Government of India Act applies. If we have got to start mortgage banks here and to relieve the indebtedness of the ryot here, it is Sir Muhammad Habibullah's Department that has got to do it. Then the province from which my Honourable friend, Major Akbar Khan who supported me, comes, has not get the benefits or the alleged benefits of the Reforms. The North-West Frontier Province is subject to the Central Government in this matter. If Sir Muhammad Habibullah wants to tell me that the indebtedness of the ryot in these provinces can be relieved by the local administration, and that mortgage banks can be started by them, then I am constrained to say he is wrong. Therefore, the provinces of Delhi, Ajmer-Merwara, Baluchistan, Coorg, and the North-West Frontier Province are provinces to which my resolution still applies, and, speaking in an Imperial Council like this, I am entitled to urge

this proposition which relates to the whole of India. The second point is that the Act under which these societies are started and conducted is the Act known as the Co-operative Societies Act, which is an Imperial Act, passed by the Government of India in 1904 and amended and consolidated in 1912. It is still on the Statute-book though local Legislatures can amend it and pass Acts which may suit their convenience. The co-operative societies in the provinces, at any rate in my province, are still administered under the Imperial Act of 1912 and not under any local Act: and therefore the policy underlying that Act and the procedure to be adopted under the Act are essentially central subjects. The *third* point is this. I have asked in my speech for certain forms of State aid to relieve agricultural indebtedness and to promote agricultural banks which cannot by any stretch of imagination be undertaken by Provincial Governments. I have asked the Government of India to improve processual and contractual laws and to amend the Trust Act. I have also asked the Government of India to invest in these banks some trust-funds and various kinds of other funds which are lying with them idle without carrying interest. There are some sinking funds, deposits of the Insurance Companies, and other monies lying idle with them which amount to crores of rupees—and the land mortgage banks suggested will pay on those investments a very handsome interest. The Government of India are at present allowing others outside India to get all the benefits of some of these funds. Such are the forms of State aid I have asked for, and those are matters which are directly under the Government of India; and no agricultural bank, I can assure this House, can ever be started in this country, not one of them can be started in this country, without the Central Government moving in the matter. *Fourthly*, Sir, my Honourable friend, the Leader of the House, has himself admitted that the existence of a Member for Revenue and a Central department of Agriculture here are intended for the purpose of co-ordinating the activities of the provinces, and co-ordinating the activities of the provinces with those of the Government of India, which is all that I am asking for. May I read an extract from a speech which he delivered in this House only last year. He said :

"Am I saying too much when I say that for agriculture what is essentially needed is not merely provincial energy or provincial activity but something more than that? I take it that for the agricultural development of the country something like a co-ordination of efforts is absolutely necessary. There is needed a spirit of co-operation between Province and Province, and above all, there is also needed a spirit of co-operation between the provinces on the one hand and the Government of India on the other. Need I enumerate those cases in which the importance of a particular activity does not begin and end with a province? May I not remind the House of the fact that cotton which is now such an important produce in India, would not have assumed the importance that it has done but for the help, the succour and the encouragement which the Government of India gave by the establishment of a Central Cotton Committee, by lending their own officers of experience to conduct the affairs of that Association, by passing an Act authorising the levy of a cess for that purpose? Do we not know what part the Central Institute at Pusa is playing for the purpose of encouraging profitable varieties of wheat which yield large profits to the growers?"

Have I not also alluded to wheat and cotton, in my speech? Can anything then be done really without the Government of India moving in the matter? There is one other matter which was urged, namely, that the Royal Commission on Agriculture is sitting and therefore we must wait. What I want is that the Commission should have our opinion, and not we their opinion. Our conclusion would materially aid the Commission, and, if they thought that agricultural indebtedness might be relieved by the establishment of land mortgage banks, our opinion would materially aid the labours of the Commission and this House would be conferring a lasting benefit on agriculture in this country. If we do not do that, I am constrained to say that we shall write ourselves down as the enemies of the agriculturist. Therefore, I ask for the considered opinion of this House as it will materially help the Commission in their deliberations. I am very sorry to say that in this matter, Sir Muhammad Habibullah has put the cart before the horse. Instead of supplying the Royal Commission with the opinion of this House, he has asked this House to wait for their opinion. I really cannot understand this. Of course, I do not wish to answer the arguments of the Maharaja of Burdwan because he has merely echoed the arguments of the Government: But in regard to the advice which he has given me for a third time in this Session to withdraw my propositions, I may tell my Honourable friend that, as a member of the legal profession, as a lawyer, I am never accustomed to take advice from the opposite side. I know my business, and if I am worth my brief, I know what to do for my constituency. Therefore I would request him on future occasions not to tender me such gratuitous advice.

The Honourable Khan Bahadur Sir Muhammad Habibullah Sahib Bahadur: Sir, before I attempt to briefly reply to the observations made by my Honourable friend, Mr. Ramadas Pantulu, I would venture to add a few remarks in respect of some of the criticisms which were made by the Honourable Members who have joined in this discussion.

The Honourable Mr. Desika Chari twitted us with the remark that we always sought shelter under some Statute or Regulation by putting a narrow and restricted interpretation thereon and thereby tried to escape responsibility. He belongs to the same profession to which I had the honour to belong, and I would challenge my Honourable friend with his present legal knowledge to tell me whether he would have put a different interpretation upon the quotations that I read from the Report of the Joint Parliamentary Committee and the rules framed by the Secretary of State thereunder, and whether he would maintain that, in the face of those clear and unequivocal instructions in regard to the administration of provincial transferred subjects, he would still argue that they are the concern of the Governor-General in Council. Then Dr. Rama Rau, with the usual enthusiasm which he displays in this House, asked us why we were afraid of accepting the Resolution. May I tell him that it is not fear that has seized us on this occasion, but it is the constitutional position which we have tried to explain? If we had regarded this matter as coming within the purview of the Governor-General in Council, we would have gladly accepted it for, as I have emphasized, and emphasized more than once, this is a subject in which the Government of India evince a very great interest and for which they have the greatest sympathy. Then the Honourable Nawab of Hoti tried to interpret the Resolution in a way different from what its language could possibly imply. He stated that the Resolution was no more than a reminder by the House to those Local Governments who had not taken any action whatsoever in regard to the establishment of land mortgage banks in their respective areas. But I would ask my Honourable friend once more to read the Resolution and see whether his interpretation is corrrect......

The Honourable Colonel Nawab Sir Umar Hayat Khan: Change it and adopt it.

The Honourable Khan Bahadur Sir Muhammad Habibullah Sahib Bahadur: Now coming to the Honourable Mover's observations, let me admit that there are certain areas in India which are directly administered by the Government of India. If he had intended seriously the Government of India should set the example themselves by displaying activity in the direction of land mortgage banks in respect of areas which are directly administered by them, I am sure he would have worded the Resolution to imply that meaning. But as the Resolution now stands, it is a tall order to issue to the Governor-General in Council, inasmuch as it embraces within its ambit the whole of India, and it is impossible for the Governor-General in Council to assume the responsibility of taking any direct action in that matter in view of the fact that this subject is directly administered by the Provincial Governments. I admit that the Act under which the co-operative societies were started and are being worked is an Imperial Act. I need not offer any further explanation of that fact inasmuch as the Honourable Member himself confessed that the Provincial Governments have got the power to frame their own laws on that subject. . . .

The Honourable Mr. V. Ramdas Pantulu: They have not done so yet.

The Honourable Pandit Shyam Bihari Misra (United Provinces: Nominated Official): Yes, Bombay has.

The Honourable Mr. V. Ramdas Pantulu: Only Bombay, but not Madras.

The Honourable Khan Bahadur Sir Muhammad Habibullah Sahib Bahadur: I have heard with very great interest indeed the speech of the Honourable Mover when he made various suggestions as regards the directions in which he would ask improvements to be made and how he would expect the Government of India to devise means for the purpose of encouraging the growth of land mortgage banks in India. I need not enter into a discussion of those questions, for I made it sufficiently clear at the very outset that I was not going to oppose the Resolution on its merits, but that I felt myself constrained not to accept the Resolution inasmuch as, worded as it is, it did not concern the Governor-General in Council. But I may at the same time tell him that if he expects those suggestions to be taken note of by the Government of India and action taken thereon in respect of areas which are under their direct administration, I shall certainly be glad to do so. It is true that my official designation carries with it the Membership of Agriculture also, and it is equally true that while opposing the Resolution of my Honourable friend, Sir Haroon Jaffer, last year, when he asked for further inquiries into the working of the co-operative movement in India and when he asked why the Government of India had established a Commission for the investigation of agriculture while that also was a transferred subject, I tried to explain the difference between co-operation and agriculture as it affected the masses of the Indian people. And I tried to show that while in the matter of co-operation the Government of India had no direct hand, did not maintain any institutions and did not take part in its administration, so far as agriculture was concerned, its contribution towards the development of agricultural wealth in India was great and that was the reason which I urged in justification of the appointment of the Royal Commission on Agriculture. But to-day we are being asked to take a definite step in the direction of the extension of the co-operative movement in India. The argument which I urged on the previous occasion against the course still holds good and I therefore am unable to see how it will be possible for the Government of

India to take any direct action in the matter. The Honourable Member confesses that there is now a Royal Commission investigating into the needs of the agriculturists in India, to whom is also entrusted the task of making specific recommendations which embrace the matter that we are now discussing. Two specific terms of the reference to the Royal Commission are:

"The methods by which agricultural operations are financed and credit afforded to agriculturists, and the main factors affecting rural prosperity and the welfare of the agricultural population."

These are the terms of reference on which the Royal Commission is now conducting its investigations so far as this aspect of the matter is concerned. The Honourable Member considers that it will be an advantage to the Royal Commission to be in possession of the views of this House while it makes it recommendations. To that view, I have no objections to urge. If the Honourable Member thinks that the proceedings of this House to-day should be communicated to the Royal Commission on Agriculture, I have not the least objection to do so, but my difficulty is to accept the Resolution over the heads of Local Governments who are in direct charge and who are responsible for the administration of this subject. I would, therefore, in spite of the fact that he is a lawyer and that he would not act on the briefs supplied by others, ask him once more whether it would not be serving the purpose which he has in view—a purpose with which I entirely sympathise—if he withdrew the Resolution on the understanding that I shall communicate these proceedings to the Royal Commission on Agriculture.

The Honourable the President: The question is that the following Resolution be adopted:

"This Council recommends to the Governor-General in Council to adopt measures for the reduction of agricultural indebtedness in India and to establish Land Mortgage Banks to provide agriculturists with long term easy and productive credit".

The Council divided.

The motion was adopted.

BY-LAWS

OF THE

Madras Provincial Co-operative Union, Limited.

(AS STANDS AT PRESENT)

I. The Madras Provincial Co-operative Union shall be registered as a co-operative society under India Act II of 1912. Its address shall be Madras City. Its operation may extend to any part of the Madras Presidency.

Objects.

II. Its objects shall be

(1) To propagate the principles of co-operation,

(2) to organise special types of societies,

(3) to assist the work of local unions and district councils of supervision,

(4) to serve as the recognised exponent of non-official co-operative opinion in this Presidency, and

(5) to undertake such other work as will promote the cause of co-operation.

III. It will strive to achieve these objects by

(1) continuing to publish the *Bulletin* in English and in the Vernaculars;

(2) publishing pamphlets and leaflets on co-operative subjects from time to time;

(AS PROPOSED TO BE AMENDED.)

I. No alteration

II. (1) and (2) no alternation

(3) to assist the work of Language Federations, District Federations and Councils of Supervision and Local Supervising Unions.

(4) and (5) no alteration.

III. (1) continuing to publish the bulletin in English and *for the time being in Tamil also.*

(2), (3), (4), and (5) no alteration

(6) organising training classes for supervisors and honorary workers.

(7) No alteration.

Membership.

IV.

(*a*) Societies registered under Act X of 1904 and Act II of 1912 falling under any of the following classes, viz., (1) Provincial Societies, (2) Language Federations, (3) Central *Banks and* Banking Unions, (4) *District Federations or Councils of Supervision,* (5) Supervising *Unions,* and (7) Primary Non-agricultural societies on limited liability basis *whose working capital on 30th June*

(3) maintaining an efficient circulating library of co-operative literature;

(4) calling the Annual Provincial Conference;

(5) arranging propagandist tours by paid and honorary lecturers;

(6) organising training classes for supervisors, assistant supervisors and honorary workers;

(7) and by other means.

Membership.

IV. Societies registered under Act X of 1904 and Act II of 1912 falling under any of the following classes (1) Provincial Societies, (2) Central Banking Unions, (3) Supervising and Trading Unions and (4) Primary Non-agricultural Societies which have a working capital of Rs. 20,000 and above, may apply for membership.

Persons of knowledge and distinction in the field of co-operation may be invited by the Advisory Body to be honorary members of the Union. They may be in the Governing Body and may take part in the proceedings of the General Body but shall not be bound to pay any subscription nor be entitled to vote in the proceedings of the General Body.

V. Membership shall cease when the member society's registration is cancelled,

preceding the date of application was not less than Rs. 20,000 are eligible to become members of this Union.

(*b*) Persons of knowledge and distinction in the field of co-operation may be invited by the *Board of Management* to be honorary members of the Union, *whose number shall not at any time exceed 30. They shall not be bound to pay any subscription.*

V. Deleted.

Funds.

V. The funds of the Union shall be derived from member societies as under :—

(*a*) Every Provincial Society shall contribute Rs. 100 annually except the Central Co-operative Printing Works.

(b) Every Language Federation shall pay annually Rs. 25.

(c) Every Central Bank or Banking Union and every Primary Non-agricultural society on limited liability basis shall pay annually Rs. 5 on every lakh of its working capital, as it stood on 30th June preceeding or a fraction thereof subject to a maximum of Rs. 25.

(d) Every District Federation or District Council of Supervision shall pay annually Rs. 15.

(*c*) Every Supervising *or* Trading Union *and the Central Co-operative Printing Works shall pay annually* Rs. 5.

Funds.

VI. (1) The funds of the Union shall be devoted to the promotion of the objects mentioned in By-law II. They shall be derived as under:

(a) Every Provincial Society shall contribute Rs. 100 annually except the Co-operative Printing Press.

(b) Every Central Bank shall pay annually Rs. 5 on every lakh of its working capital or a fraction thereof subject to a maximum of Rs. 25.

(c) Every Supervising Union, Trading Union, or District Federation shall pay annually Rs. 5

(d) A contribution of Rs. 2 by an unlimited liability primary society and Rs. 2½ by a limited liability society shall be levied from societies which have signed their consent to contribute by a General Body resolution. The Local Unions will collect such contributions from such society and remit them to the Provincial Union.

VI. (1) (e) Every primary non-agricultural society whose working capital is above Rs. 20,000 shall pay a contribution as follows:—

Working Capital	*Annual Contribution.*
Rs. 20,000 to 50,000	Rs. 3
" 50,001 to 100,000	" 5
" 100,001 and over	" 5 on every

lakh of its working capital or a fraction thereof subject to a maximum of Rs. 25.

VI. *The funds of the Union may also be derived from primary societies which are not eligible for membership under by-law IV (a), but which by a General Body Resolution signify their consent to contribute to the Union. The annual contribution so payable shall be Rs. 2 in the case of unlimited liability primary societies and Rs. 2-8-0 in the case of limited liability primary societies.*

VII. In the case of non-member societies their, resolution to contribute to the funds of the Union under bylaw VI, when once passed and communicated to the Union, shall be in force, until by a General Body Resolution of the society concerned, the original resolution is revoked. Such resolution shall not come into effect till it is communicated to the Union and till the commencement of the next co-operative year.

VIII. The annual contributions due from member societies shall fall due at the commencement of each co-operative year and be payable not later than the 31st October of each year. They shall be recoverable as debts due to the Union.

IX. —The funds of the Union shall be devoted to the promotion of the objects mentioned in By-law II.

Supply of Publications.

X. The Bulletin of Co-operation in English and Tamil and Pamphlets and Leaflets and other publications of the Union will be supplied to member societies and societies contributing to the funds of the Union under

(2) The annual fees payable by the members shall fall due at the beginning of each co-operative year. They shall be recoverable as debts due to this Union.

VII. Every member and every society which has agreed to pay its contribution to the Provincial Union at the rate provided in clause VI shall be entitled to a copy of the *Bulletin* in English or one of the Vernaculars and other publications unless exception is made in specific cases. New societies will also be suppiied the publication free if they should agree to make the annual contribution after the lapse of a year from the date of starting.

Constitution.

VIII. There shall be (1) a General Body,
(2) an advisory Body.
and (3) a Governing Body.

General Body.

IX. The General Body of the Union shall consist of delegates of member societies.

X. Every member society shall appoint one of its members as its delegate for each co-operative year by a resolution of its General Body or Managing Committee.

XI. Every delegate shall have one and only one vote.

XII. The quorum for a general meeting shall be 15.

XIII. Any member of a shareholding society, whether he is a delegate or not, may attend a general

By-law VI, in accordance with such rules as the Executive Committee or the Board of Management may from time to time prescribe in that behalf.

Constitution.

XI. There shall be (1) a General Body,
(2) *a Board of Management, and*
(3) *an Executive Committee.*

General Body.

XII. The General Body of the Union shall consist of delegates of member societies *and Honorary Members.*

XIII. Every member society, excepting Language Federations, shall appoint one of its members as its delegate to the Union for each co-operative year by a resolution of its General Body or Managing Committee, *every Language Federation being entitled to send two such delegates.*

XIV. Every Delegate *and every Honorary Member* shall have one and only one vote.

XV. The Quorum for a General Body meeting shall be—

XVI. General Meetings of the Union shall be held at *Madras* and on such dates as *the Board of Management* may from time to time decide. At least one such meeting shall be held in the course of each co-operative year. It shall also be the duty of *the Executive Committee* meeting of the Madras Provincial Co-operative Union and speak in debate, but only delegates have the right to vote on behalf of shareholding societies.

XIV. General meetings of the Madras Provincial Union shall be held at such places in the Madras Presidency and on such dates as the Advisory Body may from time to time decide. At least one such meeting shall he held in the course of each co-operative year. It shall also be the duty of the Governing Body to convene a general meeting on the requisition of not less than 10 members.

XV. The President or in his absence the Vice-President shall preside at general meetings. In the absence of both, any delegate may be elected by the meeting as Chairman.

XVI. All questions shall be decided by the majority of votes, and in the case of equality of votes the Chairman shall have a casting vote.

XVII. The annual general meeting shall have besides the powers of general supervision and control the following powers and duties:—

(a) To elect the President, Vice-President and the Secretary or Seeretaries.

(b) To define or alter the policy of the Union.

(c) To consider and adopt the annual report and accounts presented by the Advisory Body.

(d) To remove members.

(e) To consider and decide upon complaints made against members of the Governing Body.

to convene a General Meeting on the requisition of not less than members:

XVII. The President or in his absence the Vice-President shall preside at such meetings. In the absence of both, any delegate *or honorary member* may be elected by the meeting as Chairman.

XVIII. All questions shall be decided by a majority of votes, and in the case of equality of votes, the Chairman shall have a casting vote.

XIX. The annual General Meeting shall have, besides the powers of general supervision and control, the following powers and duties:—

(a) No alteration

(b) No alteration

(c) To consider and adopt the annual report and accounts presented by the *Board of Management*.

(d) No alteration.

(e) To consider and decide upon complaints made against members of the *Executive Committee*.

(f) No alteration.

(g) No alteration.

The Board of Management.

XX. *The Board of Management* shall have, subject to the supervision of the General Body, control of all business carried on by, or on account of, *the union* and shall meet at least twice a year.

XXI. (a) The Board of Management shall consist of delegates appointed by member societies *and of*

(f) To alter or ammend bye-laws and to enact new bye-laws.

(g) To transact other business incidental to the general meeting.

Advisory Body.

XVIII. The Advisory Body shall have, subject to the Supervision of the General Body, control of all business carried on by or on account of the Madras Provincial Co-operative Union, and shall meet at least twice a year.

XIX. The Advisory Body shall consist of delegates of the Provincial Societies and the representatives of other societies elected at the annual general meeting; five members by the delegates of the Central Banking Unions, 12 members by the Trading and Supervising Unions and two members by non-agricultural primary societies.

XI-A. A subject to the control and delecation of the Advisory Body the entire administration of the Union shall vest in a Governing Body consisting of the President, Secretaries, and four members selected by the Advisory Body and the quorum for a meeting of the Governing Body shall be five.

XX. The funds of the Madras Provincial Co-operative Union shall be applied to furthering the objects of the Union and for no other purpose and shall be invested in such manner as the Governing Body may decide.

XXI. The Governing Body shall have power to appoint, remove, suspend, or fine all employees of the Union and shall fix their duties, salaries and allowances.

Honorary Members as under :—

Provincial Societies	1 delegate each
Language Federations	2 delegates each
Central Banks and Banking Unions	8 delegates, chosen 3 from Tamil Districts, 3 from Telugu Districts, 1 from Kerala (Malabar) and 1 from Karnataka (South Kanara Dt)
District Federations or Councils of Supervision, Supervising Unions and Trading Unions.	1 for each district
Limited liability primary non-agricultural societies.	5 delegates chosen 2 from Tamil Districts, 2 from Telugu Districts, 1 from Kerala (Malabar) and 1 from Karnataka (South Kanara (Dt.)
Honorary Members	4 delegates.

(b) The members of the Board of Management shall be elected at the Annual General meeting of the Union.

(c) The term of the Board shall be three years.

The Executive Committee.

XXII. Subject to the control and delegation by *the Board of Management*, the entire administration of the Union shall vest in *an Executive Committee* consisting of the President, *the Vice-President*, the Secretaries *and eight other members elected by the Board of Management, three from Tamil Dts., three from Telugu Dts., one from Kerala (Malabar Dt.) and one from Karnataka (South Kanara District.)* The quorum for a meeting of the executive Committee shall be—

XXIII. The funds of *the Union* shall be invested in such manner as the *Executive Committee may decide.*

XXIV The *Executive Committee* shall have power to appoint, remove, suspend or fine all employees of the Union and shall fix their duties, salaries, and allowances. *Its term shall also be three years.*

XXV. Should any doubt arise either in the construction of India Act II of 1912 or of these by-laws or in regard to any other matter, it shall be the duty of the Union to obtain the advice of the Registrar and abide by it.

XXVI. No alteration or amendment of these rules or the addition of a new rule shall be valid unless it is registered by the Registrar of Co-operative Societies under the Act.

XXVII. Within fifteen days after the close of the co-operative year, *i.e*, after the 30th June of every year, *the Executive Committee* shall prepare (*a*) a statement showing the Receipts and Disbursements of the *Union*, during the previous year and (*b*) a statement showing the assets and liabilites as they stood on the last day of the previous year These two statements shall be submitted to the Registrar without delay. After the Registrar has verified the statements and granted his Audit Certificate, *the Union* shall publish them in a manner approved by the Registrar.

XXII. Should any doubt arise either in the construction of India Act II of 1912 or of these bye-laws or in regard to any other matter, it shall be the duty of the Union to obtain the advice of the Registrar and abide by it.

XXIII. No alteration or amendment of these rules or the addition of a new rule shall be valid unless it is registered by the Registrar of Co-operative Societies under the Act.

XXIV. Within fifteen days after the close of the co-operative year, *i.e.*, after the 30th June of every year the Governing Body shall prepare (*a*) a statement showing the receipts and disbursements of the Society during the previous year and (*b*) a statement showing the assets and liabilities as they stood on the last day of the previous year. These two statements shall be submitted to the Registrar without delay. After the Registrar has verified the statements and granted his audit certificate, the Society shall publish them in a manner approved by the Registrar.

RULES REGARDING THE ORGANISATION OF THE MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE.*

1. The work of organising the Conference should be of interest on behalf of the Provincial Union to a body to be called, 'The Provincial Conference Committee.'

2. The Constitution of this Committee shall be as follows :—

(1) The governing body of the Provincial Union, or a sub-committee elected by the governing body.

(2) The President and Secretary of the Madras Central Urban Bank.

(3) The Registrar of Co-operative Societies.

(4) The Director of Agriculture,

(5) Members to be co-opted, if necessary, by the other members not exceeding 3.

3. One of the secretaries of the Provincial Union, elected by this governing body, shall work as the General Secretary of the Conference Committee who shall also be a member of the Committee.

4. The Conference Committee shall

(*a*) invite subjects for discussion to consider the resolutions passed at the various divisional, district, taluka, union and other group conferences of different types of societies, with a view to select subjects for the provincial conference, and prepare a list of subjects to be discussed at the Conference and shall include in the list such subjects suggested by individuals, societies, or other institutions as in the opinion of the Committee are of sufficient importance to be placed before the Conference.

Note :—' Divisional' denotes a language area.

5. The subjects selected shall be notified and brief notes invited thereon by the Conference Committee which should be sent within six weeks of the date of the notification.

6. After the notes are printed, the Conference Committee shall

(1) frame the draft resolutions thereon;

(2) determine what may be placed directly before the Conference and those that should be referred to the sub-committee of the Conference for further discussion and also the number and scope of the work of the sub-committees to be appointed ; and

(3) frame the programme and fix the duration of the session.

*** Extract from a circular, on the subject, of the Madras Provincial Co-operative Union dated 10—9—'26 issued to all Central Banks, District Federations and the Registrar.**

7. The Conference Committee shall call upon all District Banks, District Federations and Provincial Societies, to send the resolutions of their Executive Committees or Boards of Management fixing their nominees, one each, for the Presidentship of the Conference. The Advisory Body of the Provincial Union shall thereupon elect the president not later than three months before the date of the Conference from among the nominees so recommended by the District Banks, District Federations and Provincial Societies.

The Advisory Body shall also determine the approximate date of the Conference not later than 3 months before the date of the Conference.

8. The Conference Committee shall also call upon all District Banks and District Federations to decide at a joint meeting of their Boards of Management whether they are willing to hold the Conference at their place and, if so, to send a resolution of assent. The Advisory Body shall determine the place of the Conference not later than 3 months before the date of the Conference, from among the invitations so received.

9. The Reception Committee of the Conference shall comprise the members of the Boards of Management of the District Bank and the District Federation at the place where the Conference is to be held and other members and societies invited to join the Reception Committee. The Committee shall thereafter elect a sub-committee to be in charge of the arrangements at the place of the Conference, which shall include the Chairman of the Reception Committee and its Secretary who shall both be elected by the same body.

10. The following shall be the work of the Committee :

(1) To appoint special Committees for taking steps for the meeting of the Conference.

(2) To fix the date of election of delegates and of communicating their names.

(3) To issue invitations for the Conference.

(4) To circulate the printed notes issued by the Conference Committee to all the delegates and others specially invited.

(5) To invite guests.

(6) To get the consent of the delegates and others specially invited on what sub-committee, if any, they wish to sit.

(7) To look after the comforts of delegates.

(8) To fix the timings of the Conference business, as suited to the programme and duration of the session fixed by the Conference Committee.

(9) To make arrangements for the various meetings of the session

(10) To issue the draft resolutions as adopted by the Sub-Committees to the delegates two hours in advance of the open session of the Conference.

(11) To take steps for recording the proceedings and printing them expeditiously.

11. The constitution of the Conference, the rules of procedure for the conduct of the Conference business, and the contributions to be paid shall be as is given in appendices A, B and C respectively.

12-*a*. Guests (persons specially invited) may also be invited to attend sub-committee meetings and allowed to take part in the discussion, but shall not vote.

(b) The guests are at liberty to speak on any subject placed in the Conference but shall not vote.

13. The travelling and boarding expenses of the delegates shall be borne by themselves or by the societies which elect them. Visitors and guests shall bear their own expenses.

14. Visitors may be allowed to attend the Conference in such number as decided by the committee of the Reception Committee.

15. The chairmen of sub-committees shall be nominated by the Provincial Conference Committee.

16. The Provincial Conference Committee shall be the committee for taking action on the resolutions of the Conference.

APPENDIX A.

Scheme of representation for the Provincial Co-operative Conference.

I.—THE SCHEME.

1. The Madras Provincial Co-operative Union and the Madras Central Urban Bank will each elect five delegates. The Provincial Conference Committee may also recommened names of delegates not exceeding 3 for any special types of societies and the Provincial Union shall elect them in addition.

2. Each District Central Bank and District Federation will elect 3 delegates.

3. Each Local Supervising Union will elect one delegate.

4. All primary societies with a working capital exceeding one lakh of Rupees will elect one delegate.

5. The Andhra Sahakara Samulanam will elect five delegates.

6. Societies in which other registered societies are members, excluding those mentioned in (1), (2) and (5), will elect each one delegate.

7. Primary societies excluding those under (4) and not affiliated to Local Unions will elect one delegate for every group of ten societies.

8. Societies in the district where the Conference is held shall be entitled to twice the number of delegates.

9. The Registrar shall have the power to nominate 10 delegates to respresent Government.

10. Such of the members of the Committee of the Provincial Co-operative Conference as are not elected as delegates by any Constituency shall be entitled to attend the Conference and take part in its deliberations and vote on its resolutions.

II.—PROCEDURE.

The Procedure regarding election shall be as follows:—

(1) The societies each separately entitled to elect delegates shall proceed to elect them in their Executive Committees, Boards of Management or General Body meetings and notify names direct within the time prescribed.

(2) In the case where groups of societies are entitled to elect their delegates, the District Federation will make out a list of societies mentioned under (7), group nearest ones as constituencies of 10 and add any remaining societies within the last group. Where the number of such societies is less than ten in a district, it will group them as a constituency entitled to one delegate. It will then at once send a circular to each society in the list so prepared with a copy of the prescribed form of nomination with recommendations to send nominations made by their Executive Committees to reach its office within the time fixed. The District Federation will then make a list of nominations and issue the list of names to the societies concerned with instructions to vote for delegates in their committee meetings on a day fixed and to forward the voting paper to its office the same day. The District Federation will count the votes in the presence of the Executive Committee and notify the results to the concerned societies and the Conference. Nomination papers or voting lists received after the date fixed shall be rejected. If no reply is received from any society regarding nomination or voting, it shall be presumed that it does not wish to nominate or vote, as the case may be.

NOTE:—1. District Banks will undertake this work where District Federations have not come into existence.

2. The whole procedure may be avoided by giving an ex-officio place to the representatives of non-union Primary Societies on the Boards of the District Federations and the District Banks.

APPENDIX B

Rules of procedure for the conduct of Conference business.

The rules as given in the Appendix B of the Bombay Provincial Conference may be adopted with the following changes.

For 12 insert—the powers given to the President shall also apply to the chairman of sub-committees.

Add under 5.—Notice of amendments to be named in the open session of the Conference shall be given by the members concerned one hour in advance of the session of the Conference.

Under 6—Permission for the Chairman of the sub-committees to speak to be ten instead of five minutes. Add as the second sentence—"the resolutions need not be formally moved and seconded."

APPENDIX C.

Scheme of Contributions for Provincial Conference

1. A delegation fee of Rs. 4 shall be collected from each delegate by the Reception Committee.

2. Individuals and Societies might be invited to join the Reception Committee on payment of a fee not less than Rs. 5 and Rs. 10 respectively.

3. Half the amount collected as delegation fees shall be handed over to the Provincial Union for its expenses for the work allotted to it under the constitution of the Conference. The other half of the delegation fees and other contributions shall be used by the Reception Committee for making the necessary arrangements for the holding of the Conference and printing its report. Each delegate and member of the Reception Committee shall be supplied with a copy of the report free.

4. Special fees for boarding and lodging shall be charged by the Reception Committee as it so decides.

5. Donations may be invited by tee Reception Committee from important co-operative institutions.

THE BOMBAY CENTRAL CO-OPERATIVE INSTITUTE.

Rules regarding the Organisation of the Provincial Co-operative Conference.

Approved by the Conference Committee, and the Standing Committee on 6—3—1923.

1. The work of organizing the Conference shall be entrusted on behalf of the Institute to a body to be called the Provincial Conference Committee.

2. The constitution of this Committee shall be as follows :—

(1) The Standing Committee of the Institute,

(2) The Registrar of Co-operative Societies,

(3) The Director of Agriculture,

(4) Members to be co-opted, if necessary, by the other members, not exceeding 3.

3. The Honorary Secretary of the Institute shall work as the General Secretary of the Conference Committee.

4. The Conference Committee shall :—

(*a*) fix the approximate date of the Conference six months in advance and cause it to be announced in papers and magazines of the Institute and communicated to the Registrar and to the Branches,

(*b*) invite subjects for discussion, consider the resolutions passed at the various Divisional, District or Taluka Conferences with a view to Select subjects for the Provincial Conference, and prepare a list of subjects to be discussed at the Conference and shall include in the list such subjects suggested by individuals, societies or other institutions as in the opinion of the Committee, are of sufficient importance to be placed before the Conference,

(*c*) determine the final date and place of the Conference, and appoint the President,

(*d*) frame a budget and invite donations,

(*e*) fix the date of election of delegates and of communicating their names.

5. The subjects elected shall be notified and brief notes invited thereon which should be sent within six weeks of the date of the notification.

6. After the notes are printed, the Conference Committee shall,

(1) determine which of the subjects may be placed directly before the Conference and frame draft resolutions thereon.

(2) determine which of the subjects should be referred to the Sub-Committees of the Conference for further discussion and determine the number and scope of the work of Sub-Committees to be appointed.

(3) frame the programme and the duration of the Session,

(4) invite guests, and

(5) appoint Special Committees for taking steps for the Meeting of the Conference, for looking after the comfort of the delegates, and for recording the proceedings and printing them expeditiously.

7. Invitaiions shall thereupon be issued and printed notes circulated to all the delegates and others specially invited. Such persons may be requested to signify on what Sub-Committee, if any, they wish to sit.

8. The Constitution of the Conference shall be as given in Appendix A as settled in the Conference held in September 1920, and the rules of procedure for the conduct of the Conference business shall be as given in Appendix B.

9. The travelling and boarding expenses of the delegates shall be borne by themselves or by the Societies which elect them. Visitors and guests shall bear their own expenses.

10. (*a*) Each Sub-Committee of the Conference on meeting will proceed to elect its own Chairman out of the Members nominated to the Sub-Committee.

(*b*) Guests (persons specially invited) may also be invited to attend any Sub-Committee Meetings and allowed to take part in the discussion, but shall not vote.

11. The guests are at liberty to speak on any subject placed in the Conference, but shall not vote.

12. Visitors may be allowed to attend the Conference in such number as space may permit.

S. S. TALMAKI,
Hon. Secretary.

APPENDIX A.

Scheme of Representation for the Provincial Co-operative Conference.

(Passed at the Provincial Co-operative Conference of 1920 and revised by the Conferences of 1921 and 1922.)

I.—THE SCHEME.

1. (*a*) The Bombay Central Co-operative Institute will elect 10 delegates.

(*b*) Each Divisional Branch of the Institute shall be entitled to elect two delegates, and each Taluka Branch and also the District Branch, if any, of the Institute shall be entitled to send one delegate to the Conference and each Local Branch, whether Taluka, District or Divisional, shall be allotted double the number of delegates that is ordinarily allotted to it, provided it falls within the place where there is the sitting of the Provincial Conference.

2. The Provincial Co-operative Bank will elect 7 delegates.

3. Each District Central Bank will elect 3 delegates.

4. All Primary Societies with a working capital of over one lakh will elect one delegate each.

5. All Primary Resource Societies classified as A or B, excluding those in para 4, should proceed to the election of delegates in the following manner:—

(*a*) The unit for fixing the number of delegates should be, the District representation being at the rate of one delegate for every 20 Resource Societies in a District classified as A or B, Agricultural or Urban, Talukas or Petas in a district having less than 20 Societies should be grouped together and given one representative for every 20 Societies.

(N. B.—When the number of Urban Societies has sufficiently increased, respreutation of Agricultural and Urban Societies may be made separately.)

(*b*) Elections should be made on the lines mentioned in the Registrar's Circular as outlined in the procedure below.

6. Consumers' societies, excluding those in para 4, should have

(*a*) one delegate for a group of 10 Societies in Bombay and Salsette

(*b*) and one to each similar group in each linguistic divison.

(*c*) the same principle should apply to the Building Societies.

The procedure followed this year might continue for the next three years.

7. The same principle as in para 6 should apply to the Producers' Societies, Agricultural and Non-agricultural.

8. The Registrar shall have the power to nominate 40 delegates to represent co-operative workers and Government out of whom at least 15 should be non-officials.

9. The Institute should have power to invite distinguished visitors from this and other Presidencies and Native States

10. Such of the members of the Committee of the Provincial Co-operative Conference, and the Secretaries appointed by it as are not elected as delegates by any constituencies, shall be entitled to attend the Conference and take part in its deliberations and to vote on its resolutions.

11. The Provincial Conference Committee shall be the Committee taking action on the Conference Resolutions.

II.—PROCEDURE.

The *Procedure* regarding election shall be as follows:—

1. The Societies, banks and institutions each separately entitled to elect delegates shall proceed to elect them in their Managing Committee and notify names direct within the time prescribed.

2. In the case where groups of societies are entitled to elect one or more delegates, the Divisional Branch of the Institute of each Division will, as soon as it receives intimation of the Conference, go through the list of Societies and extract shorter lists per taluka or group of talukas of societies classified as A or B, excluding those entitled to elect individually, and fix the number of delegates per taluka or group of talukas on the principle laid down in this scheme. It will then at once send a Circular to the Managing Committee of each Society in the list so prepared with a copy of the prescribed form of nomination with recommendations to send nominations made by their Managing Committee to reach the Branch Officer within the time fixed.

3. The Divisional Branches will then make a list of nominations and issue the list of names to the Societies concerned with instructions to vote for delegates in the Meeting of their Committee on a day fixed and to forward the voting papers to the Branch Officer on the same day.

4. The Divisional Branches will count the votes in the presence of one or more Honorary Organisers and notify the result within the time prescribed.

5. Nomination papers or voting lists received after the date fixed shall be rejected. If no reply is received from any Society regarding nomination or voting, it shall be presumed that it does not wish to nominate or vote as the case may be.

S. S. TALMAKI,
Hon. Secretary.

APPENDIX B.

Rules of Procedure for the Conduct of Conference Business.

(Adopted by the Conference Committee on 6th March, 1923.)

1. (*a*) The President shall preserve order, and all points of order shall be decided by him.

(*b*) No discussion on any point of order shall be allowed except with the consent of the President.

(*c*) Any member may at any time submit a point of order to the decision of the President.

(*d*) The President shall have all powers necessary for the purpose of enforcing his decisions.

2. When any member submits a point of order to the decision of the President, any other member who may be then speaking shall resume his seat and cease speaking until the point of order is settled.

3. (*a*) In discussing questions coming before the Conference for consideration, a member shall speak from his place, shall rise when he speaks, and shall address the President. The President also shall rise when he addresses the Conference.

(*b*) At any time, if the President rises, any member speaking shall immediately resume his seat.

4. Any member may, with the permission of the President, speak at the request and on behalf of another member who is unable to express himself in the English language.

5. Any member may move an amendment of a motion, provided that a purely negative amendment may not be moved.

6. On all resolutions proposed by the Sub-Committee for the consideration of theConference, the speakers suggested by the Sub-Committee shall report the resolutions of the Sub-Committee and may speak thereon by way of explanation for a period not exceeding 10 minutes in all. Thereafter any other delegate may address the Conference on the subject provided that he shall not speak for more than 5 minutes. The Registrar may also speak on the subject, provided that he shall not speak for more than 5 minutes. After other delegates and the Registrar have had an opportunity of speaking, the Chairman of the Sub-Committee may speak by way of reply provided that he shall not speak for more than 5 minutes.

7. The discussion of a resolution shall be limited to the subject of the resolution and shall not extend to any matter as to which a resolution has not been moved.

8. When, in the opinion of the President, a resolution has been sufficiently discussed, he may close the discussion by calling upon the mover to reply, provided that the President may in all cases address the Conference before putting the question to the vote.

9. Every resolution or amendment shall be resolved in the affirmative or in negative according to the majority of votes.

Votes may be taken by show of hands, the President declaring without counting "the ayes have it" or "the no's have it" or by division and shall be taken by division, if any delegate so desires.

10. A division shall be taken by the following method. Locked ballot boxes shall be provided, divided into two compartments; white for "yes" and black for "no". Such a box will be taken by a Volunteer to each delegate in turn and the delegate shall then put a signed card into one of the compartments, according as he wishes to vote for or against. When all votes have been delivered, the boxes will be brought to the Vice-President, who will count the votes on each side and hand the result to the President, who will then declare the result.

11. Speeches will be taken down by the shorthand writers attached to the Conference and printed from their transcript. But whenever possible, proof copies will be sent to the speakers for correction and approval before final printing.

12. Each Sub-Committee on meeting will proceed to elect its own Chairman out of the members nominated to the Sub-Committee.

S. S. TALMAKI,
Hon. Secretary,
Bombay Central Co-operative Institute.

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References: 1. The Co-operative Movement, by Messrs, V. Venkatasubbaiya and V. L. Mehta, Part I.

2. The Co-operative Movement in India, by Mr. P. Mukherji, pages 425 to 468 and Appendices III, IV and V.

3. Statement showing the progress of the Co-operative Movement in India, published by the Department of Commercial Intelligence and Statistics, Government of India, 1924-25.

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