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Issued every month in two languages—English and Tamil.

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His Majesty's Reply to the Delhi Municipal Address, 13th December, 1911.

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OF THE

FIFTEENTH

Madras Provincial Co-operative Conference.

Office of the

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ROYAPETTAH, MADRAS.

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THE XV MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE.

April 1927.

RESOLUTIONS.

Our losses.

I. This Conference expresses its sorrow at the demise of Dewan Bahadur L. D. Swamikannu Pillai, of Rao Bahadur K.B. Ramanatha Iyer and of Neikarapatti Kuppuswami Aiyar, and places on record its appreciation of the invaluable services rendered by them to the Co-operative Movement in the Province.

Replies to messages.

II This Conference records its high appreciation and gratitude to the Berar Central Co-operative Institute, Ltd., the Bihar and Orissa Co-operative Federation, the Bengal Co-operative Organisation Society and the Bombay Provincial Co-operative Institute, for sending fraternal greetings and messages to the Fifteenth Madras Provincial Co-operative Conference.

Staff for Supervision.

III. In view of the fact that the Department has ceased to do inspection, supervision and expansion, the Conference is of opinion that an adequate non-official machinery should be created to discharge these functions properly.

Such a machinery should consist of two classes of officers, one corresponding to the present grade of Union Supervisors whose duty will be to check accounts and examine if the by-laws are properly applied, and another of a higher calibre to exercise intelligent supervision and expand on correct principles of co-operation and to carry on educative and propaganda work. The Union Supervisors should generally draw a salary of about Rs. 50 per month which should ultimately be met out of the rebates from primary societies and be trained in District Schools. The Higher Staff should consist of Inspectors paid from Rs. 50 to Rs. 150 per month according to local conditions and of about five or more hands per Revenue Taluk and they should be adequately trained in a Co-operative Collegiate Institution, which should be managed by the Provincial Co-operative Union and the cost of which should be borne by Government.

Funds for Supervision.

IV. With a view to ultimately secure adequate funds for the purpose of Resolution III, the Conference is of opinion that, pending the recruitment of the required staff, special temporary steps be taken in all ways possible, and for expenses for the same the District Banks be required to provide a special consolidation fund by granting a rebate of eight annas for Rs. 100 of loans advanced. The Apex Bank be asked to renew in the next co-operative year the rebate it has granted this year.

Agency for Supervision.

V. This Conference is of opinion that the functions of supervision, rectification and expansion and the control of the higher staff be vested in the District Federations, provided that the District Bank is represented in the Federation, or in a Committee consisting of the District Bank and Local Unions in places where there are no federations, further provided that copies of the Reports of the above Inspection Staff be supplied by the Federation or by the Joint Committee to the District Bank.

Joint purchase.

VI. Resolved that each society do pay special attention to the bylaw relating to the joint loan for the purchase of seed, manure, implements and cattle food, buy the same wholesale before the season according to cautious estimates of the needs of members made by Panchayats in consultation with the respective members or their tenants etc., subject to a maximum amount that may be fixed by the General Body and distribute them in proper season to the members.

Demonstrations with the aid of Unions.

VII. Resolved that the Agricultural Department be requested to give demonstrations in improved methods in such places as may be selected by the Union in consultation with Local Agricultural Officers.

Dairy Societies.

VIII. Resolved that more experiments be undertaken in the formation of dairy societies on the following lines :—

A number of small societies in villages be formed near the city centre; and a central sale and consumer society be also formed in the city—the cattle being owned by the members themselves.

Loans on the pledge of produce.

IX. Resolved that loans be granted to the members on the pledge of their crops and produce up to a limit depending on local conditions over and above the maximum borrowing power; and that the borrowing power of the societies be also raised independent of the borrowing power fixed for the society up to a certain percentage of the value of the produce in the custody of the society.

Graduates as Inspectors.

X. This Conference recommends to the Registrar of Co-operative Societies to give preference to Graduates in Arts with economics as their special subject, Graduates in Agriculture and holders of Diploma in Commerce at the time of appointing Co-operative Inspectors in the Department.

Demonstrators for lease societies.

XI. This Conference requests Government to depute agricultural Demonstrators to look after groups of agricultural lease societies for the depressed classes.

A Committee of Enquiry.

XII. This Conference expresses its regret that the Government did not see its way to accept the resolution introduced into the Madras

Legislative Council last month, asking for a Committee of Enquiry into the present condition and administration of the Co-operative Movement in the Province and to suggest means of improvement, and urges on the Government the immediate appointment of such a Committee with wide powers to deal with all aspects of the Movement including the subject of co-ordination of agricultural, industrial and co-operative activities and the amendment of Act II of 1912.

Resolved also that the above Committee should be asked to send its report within three months of its appointment.

Railway Concession.

XIII. This Conference is of opinion that the various Railways in India should be requested to allow concession fares, in all classes, to the delegates attending the various Provincial and Inter-Provincial Co-operative Conferences taking place in different parts of India.

Delegation of powers.

XIV. That the Provincial Co-operative Union be asked to consider the various questions raised by Rao Bahadur A. Vedachala Aiyar regarding the delegation of powers by the Department to the non-official agencies and submit a report on the same to the Government.

Abolition of the Deputy Registrars

XV. That with a view to enlist the hearty sympathy and activity of a Departmental Officer in the progress of Co-operation and of his touch with the prominent non-official workers in each district and with a view to save delay, and to increase the sense of responsibility in the District Officer, it is absolutely necessary that no officer should be interposed between a District Officer of whatever grade or nomenclature he may be, and the head of the Department.

The Reserve Bank Bill.

XVI. This Conference views with grave apprehension the omission of Co-operative Banks from the scope and operation of the Reserve Bank Bill and requests Government to include within the list of scheduled Banks, the Provincial Banks and such other Co-operative Banks as may satisfy prescribed conditions, to exempt such Co-operative Banks from the obligations of maintaining the minimum balance referred to in Section 41 (1), to ensure the continuance of the present financial facilities offered by the Imperial Bank to Co-operative Banks, to include Land Mortgage Debentures in the category of securities which the Reserve Bank may sell, purchase or re-discount, and to afford other facilities for rural agricultural finance being conducted preferably by Co-operative Banks.

Auditors—Prospects and Emoluments

XVII. This Conference is of opinion that Departmental Officesr who do audit work should not be named Inspectors, but should be called Auditors. The emoluments of the Auditors, official and non-official, should be sufficient to attract persons of adequate capacity and the present scale stands in need of improvement.

Thanks to Mr. Wolff.

XVIII. This Conference expresses its best thanks and sense of gratefulness to Mr. Wolff for his friendly message and for his continued interest in the Co-operative Movement in India.

State aid for Education.

XIX. This Conference is of opinion that, in conformity with the opinion of Mr. Wolff, *viz.*, that all expenses connected with education and propaganda should be met by the State, Government be requested to give adequate subsidy to the holding of training classes.

Sectional Conferences of Urban Societies.

XX. That, in future, Sectional Conferences of Urban Societies be held along with the Provincial Conference.

A Working Scheme for Land Mortgage Banks.

XXI. This Conference is of opinion that, until a suitable scheme is evolved, more Primary Land Mortgage Banks of the existing type introduced by Government be started and that a Land Mortgage Central Financing Bank be established at Madras, composed of the said primary banks and other co-operative societies as well as individuals as shareholders.

2. The Capital of the Bank shall be 3 lakhs of rupees of which individuals shall be allotted shares to the value of not exceeding 50 per cent of the total number.

3. The borrowing power of the Bank shall be 20 to 25 times the paid up share capital and the Reserve Fund.

4. The debentures shall issue on the security of the bonds of mortgages of immovable property to the full value of the interests of co-operative societies in such bonds.

5. The period of the debentures shall be 25 to 30 years.

6. The debentures shall get extinguished as collections get in, in the absence of safe investments in the Central Financing Bank for short periods without loss of interest, and so as to be within the competence of the Central Bank to repay within the specified period.

7. The rate of interest on debentures shall not exceed 6 per cent and the lending rate to societies shall not exceed 7 per cent and the lending rate by the societies to the members shall not exceed 8 per cent.

8. The period for which mortgage loans may be given shall be 20 to 30 years.

9. Dividend on share capital shall not exceed $7\frac{1}{2}$ per cent during the first 6 years and shall not exceed 5 per cent thereafter.

10. The Central Financing Bank shall not lend to any one except to a co-operative society.

11. The Primary Bank should not lend more than 40 per cent of the market value of the securities.

12. The Financing Bank shall not receive short term deposits.

13. The Management to vest in the Provincial Bank.

14. A Committee consisting of the Hon'ble Mr. V. Ramadas,
Rao Bahadur A Vedachala Aiyar and
Dewan Bahadur R. Ramachandra Rau,

with power to co-opt not more than 3 experts in Finance and Co-operation, will draft suitable by-laws and will act as promoters of the financing bank in contemplation, in consultation with the Registrar of Co-operative Societies.

Reply to Messages.

XXII. This Conference records its appreciation and gratitude to the Manchester Co-operative Union and Mr. Fred Hall, the editor of the Co-operative Herald for sending greetings to the XV session of the Madras Provincial Co-operative Conference.

Congratulations to the Development Minister.

XXIII. The XV session of the Madras Provincial Co-operative Conference hereby conveys its heartiest congratulations to the Hon'ble Mr. A Ranganatha Mudaliar, B. A., B. L., formerely Vice-President of the Provincial Co-operative Union, on his appointment as the Minister for Development.

Next Conference at Nellore.

XXIV. That the invitation of the next Conference to Nellore be accepted with thanks.

Information Bureau for Stores.

XXV. This Conference recommends the formation of a League or Federation of Stores; pending the formation of such a League, the Provincial Co-operative Union be requested to arrange for a Sub-Committee for the purpose of collecting and disseminating commercial information for the benefit of Co-operative Stores.

Co-operative Propaganda by the Triplicane Stores.

XXVI. This Conference recommends that the Triplicane Urban Co-operative Society be requested to undertake propaganda on Consumers' Co-operation in moffussil centres also.

Cottage Industries.

XXVII. This Conference is of opinion that Co-operative Societies be organised throughout the presidency for small cottage industries like spinning and weaving of cotton, wool, coir-making, basket manufacturing out of bamboos, etc., match factory, button manufacturing etc.

Free expert advice by the State.

XXVIII. This Conference requests the Government to supply expert advice on industrial and agricultural matters free of cost to Co-operative Societies.

Building Societies.

Return of Share Capital.

XXIX. This Conference strongly urges upon the Government that co-operative building societies be permitted to return the share capital of such of the members as have liquidated their debts to their society provided the maximum borrowing capacity of the society is not affected by such repayment.

Rate of interest.

XXX. This Conference urges upon the Government the desirability of lending to co-operative building societies at a rate of interest not exceeding half per cent higher than the rate at which the Government of India borrow from time to time, as the present rate of six and a half per cent is too high.

Period of repayment.

XXXI. This Conference requests the Government to extend the period of repayment from 20 to 30 years, *Collection of Interest.*

XXXII. This Conference recommends that the co-operative building societies be allowed to collect interest accrued up to the completion of the building in 12 equal instalments commencing from one month after the date of completion and that the repayment of interest to Government be permitted to be made in the same manner by the society without in any way interfering with the equated payment to be made by the member.

State facilities for contracts by Labour Societies

XXXIII. That the Government be requested to instruct the officers of the Government Departments and Municipal and Local Boards to entrust the Co-operative Labour Unions and Societies with execution of works in preference to private contractors.

State facilities for Rural Reconstruction.

XXXIV. That the Government be requested to render all facilities through their officers (Health, Educational, Agricultural, Development Departments) to the Co-operative Societies in carrying out the work of rural reconstruction.

Rural Reconstruction proposals.

XXXV. That the Executive Committee of the Provincial Co-operative Union be requested to consider and report on the best possible practical scheme of "Rural Reconstruction" through Co-operative organisations and other agencies.

State subsidy for rural godowns.

XXXVI. The Government be requested to make subsidies to rural loan and sale societies for the purpose of building godowns.

Reduced interest rate of Loan and Sale Societies.

XXXVII. This Conference recommends to the Central Banks that the rate of interest chargeable by them to loan and sale societies be one per cent less than the rate charged for the loans of credit societies.

State aid for clerical service in Labour Societies

XXXVIII. This Conference recommends to the Government to render financial aid to all labour and depressed class societies for payment of remuneration to persons for clerical work done by them for such societies.

INFORMAL CONFERENCE OF CENTRAL BANKS AND FEDERATIONS.

15th April, 1927.

An informal conference of the representatives of District Banks and District Federations, the P.C,U. and the M.C.U.B. was held in the premises of the Madura College at 2 p.m to informally discuss the questions coming up before the Conference. Rao Saheb N. Ramaswami Aiyer proposed Dewan Bahadur R. Ramachandra Rao to take the chair. Mr. T. Audinarayana Chettiyar seconded the proposition.

The President at the outset asked the permission of the house whether the conference might restrict itself to important questions, discuss them thoroughly and arrive at mature conclusions. The Conference agreeing to his proposal, it was resolved that the several questions might be discussed, the agenda settled and conclusions informally talked over.

Subject I in the agenda, namely, principles relating to consolidation of societies was first taken up. It was resolved that the Conference need not go into principles. As regards the agency, funds and the methods of working of the consolidation scheme, a large number of speakers expressed their views. Mr. T. Srinivasa Rao raised the question that rectification alone would not do and that permanent methods should be devised for keeping the societies in a steady level of efficiency. Mr. T. Audinarayana Chettiyar gave an account of the expansion work in Salem. Mr. Venkasami Rao pointed out that duties similar to investigation of titles could not be discharged by existing supervisors and that the efficiency of Unions also rested on the leadership of Hon. workers. Mr. Krishna Menon explained how with the existing set of supervisors much could be done. The President explained that with the withdrawal of the department from supervision and inspection, a number of questions arose for their consideration. He said Local Unions and supervisors had a function to perform. The top Institution would be given State grants for education and propaganda and that Central Banks should have to make a special contribution of eight annas for maintaining a higher staff. The latter would take the place of Inspectors of Government whose services are not at present available for the movement.

Rao Bahadur A. Vedachalaiyer said that the Central Bank must realise the present position in which the primary societies were situated. There was the paradox of unutilised overdraft credit in the movement. This overdraft could be turned three times a year on crop loans. It would be to the interest of Central Banks to set apart ½ per cent for consolidation and expansion. With the increase in transactions, more money would be discovered for supervision. It was finally resolved that the following three subjects might be taken up for discussion as arising out of the Notes and Papers submitted to the Conference.

I. Responsibility of Central Banks to release funds for immediate work.

II. Nature of permanent agency for supervision——union supervisors and higher staff.

III. The nature of the District Agency to supervise the staff and its responsibility. Subject II (I) in the agenda was taken up. Mr. Vedachalaiyer showed the inordinate delaay that occurs in registering amendments and the impossibility of expecting departmental officers to have a first hand knowledge of the condition of societies. It was resolved to include this question under the head.

IV. "Delegation of powers from Departmental officers". It was agreed to drop the following questions :—

(1) Relation of District Federations to the Provincial Union.

(2) Reconstitution of the Provincial Union if it is to regulate the working of District Federations.

(3) Co-ordination of District Banks with District Federations, and M. C. U B. and District Banks.

(4) Relation of District Banks to the Department (vide by-law changes noted by Rao Bahadur A. Vedachalaiyer).

The next subject relating to the reorganisation of the Department for facilitating the work of the co-operative bodies was taken up for discussion. Mr. Vedachalaiyer referred to the note he has written on the question and said that there should be a district officer for each district.

Mr. Hood, the Registrar, who was present at the Conference was requested to explain the division of functions. He said that the existing division of functions was made with a view to develop the non-credit side of the movement. The Deputy Registrars have now got direct charge of all non-credit activities. They had also liquidation powers and actually a great deal of their time was taken up in setting right irregularities and settling disputes. The Deputy Registrar had all the powers of registration and deviations from the model were referred to him At present, non-credit work was growing and the Assistant Registrars under the old scheme had no time to do it. It was finally resolved to include the following subject in the agenda :—

V. "Whether and how the Department should be re-organised in view of the added responsibilities of non-officials and the present difficulties experienced." Regarding the funds for the Supervising agencies, it was resolved that it might be taken up along with subject I, namely, contribution by Central Banks.

The question of training classes was then taken up for discussion. Discussion centred round State aid and its limitations. The President said that State aid should only be for education. Mr. Vedachalaiyer explained that education was included also under supervision. It was remarked by Mr. T. Audinarayana Chettiar that State aid to the extent of Rs. 5,000 for all the District Federations in the Presidency was too little. It was finally resolved to include the following subjects for discussion in the Conference :—

VI. Co-operative Training and Education :

(1) Rural Classes,

(2) Advanced Training classes, selection of candidates, courses and certificates.

(3) Funds for conducting the classes.

Mr. Venkasami Rau enquired whether the subject of belated audit would come up for discussion.

Mr. K. L. Narasimha Rao asked whether the subject of Rural Re-construction would come up before the Conference. The President replied that all other questions as duly notified in the detailed agenda would come up for the consideration of the Conference. The Informal Conference was then dissolved with a vote of thanks to the chair.

THE XV SESSION OF THE MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE.

The XV Session of the Madras Provincial Co-operative Conference opened its proceedings at the Victoria Edward Town Hall, Madura, on 16th April at 2 P.M. About 300 delegates, a large number of representatives of the General body of the Provincial Union and a few from the rural societies and Members of the Reception Committee and about 100 visitors were present on the occasion. The Registrars of Ceylon, Pudukottah and Travancore, and Mr. H. M. Hood, the Registrar, Madras and a few officers of the Madras Co-operative Department were kind enough to attend the Conference.

The Chairman of the Reception Committee delivered his address exactly at 2 P.M.

ADDRESS OF RAO SAHEB N. RAMASWAMI AIYAR,

Chairman of the Reception Committee.

BROTHER DELEGATES AND GENTLEMEN,

The privilege of welcoming you all to this XV session of the Provincial Co-operative Conference has been assigned to me—a person rather too weak and unworthy to bear the task. Inscrutable are the ways of Providence. And I wonder why an insignificant person like myself has been selected by the Advisory Committee of the Provincial Co-operative Union for this honour. I have not studied much co-operative literature nor have I distinguished myself by any kind of active public work in connection with the movement as a whole. I wish very much that the choice had fallen on other co-operators in this town more competent than I, who, by dint of active service for the movement and close touch with the advanced leaders of thought should preferably shoulder the responsibility. I have been connected with one or two co-operative institutions in this town for the last twenty years and my service for the movement has not been adequate to the length of time I have been in it and very probably a kind providence has sent this honour to me both as a rebuke for my past laches and an incentive for further work. I am therefore thankful to the Advisory Committee of the Provincial Co-operative Union for the opportunity for service thus given me and, on their behalf and on behalf of all the co-operators in Madura and Ramnad, I offer you my most hearty welcome and request you to accept our humble services however inadequate they may be.

The Late Rao Bahadur K. Ramaswamy Aiyar.

2. I must refer at this stage to the memory of one who was my leader in Madura in co-operative work, the late Rao Bahadur K. Ramaswamy Aiyer. He was the pioneer of co-operative activity in this district and he occupied the front place in the ranks of those who have contributed to the growth of the movement in its early stages. I am sure he is still taking a very keen interest in the movement from his place in the unseen worlds and sending forth his best thoughts to help us in our deliberations. To him I render my homage. We cannot also forget the services of the late Dewan Bahadur L. D. Swamikannu Pillai and Rao Bahadur K. B. Ramanatha Aiyer who are now no more with us but whose best thoughts and blessings, I am sure, are with us on this occasion.

The Historic City of Madura.

3. It is indeed of happy augury that the first session of this Conference after the change of venue to mofussil centres should be in Madura, a place of historic and cultural importance. Here ruled in ancient days a dynasty of enlightened kings—the Pandiyas and Naicks—who have contributed to make Madura what it is to-day, a place of attraction to travellers from distant lands who visit the town for its beautiful palace and temple. Economic distress of the people was evidently unknown in those days. Here also flourished a famous University "The Tamil Sangam" to which congregated the most enlightened scholars of the land who found their place in that elastic and democratic சங்கப்பலகை, the Board of Wisdom and of love of humanity, which expanded with the worth and capacity of the occupants who sought it. Some of the classical works in Tamil literature were the products of distinguished members of that university. Love of all, service for all, and equal opportunities for all, were the characteristic notes of the culture of those days. Madura continues to be a source of high religious inspiration and is presided over by the Goddess Sri Meenakshi, the divine Mother of Infinite Love and Compassion and the ocean of unlimited responsibility for the evolution of Humanity. To me, the movement of Co-operation has a deep spiritual basis and

without that, all the economic superstructure of societies that have been carefully put up all these 22 years is but an empty shell. And with this clear conviction in the minds of co-operators of a spiritual heritage of individual responsibility for service of man, the movement is bound to pulsate with new life and ever-increasing energy. I therefore send forth my reverential thoughts to that fountain head of primeval co-operative energy to inspire us with more living impulses and to make each one of us a better channel for work vibrating with a feeling of unlimited liability for work in the betterment of man which is the goal of Co-operative effort.

Absence of vitality.

4. It is indeed this spirit of service that has brought you all together to this distant place at considerable self-sacrifice and in this very warm weather to enable us to take stock of the situation and to consider how best we may try to improve on the same. 22 years have elapsed since the movement was put in operation and one should naturally expect to find it in a stage of self-reliant and vigorous manhood. But looking into the movement critically, one notices everywhere in all the limbs of the Co-operative machinery, a certain amount of stagnation and deadlock. It is no doubt true that numerically and in outward strength, the figures are encouraging as seen from the Administration Report,

Number of societies	11,973
Members ...	7,48,783
Working capital	624·325 lakhs.

But we must confess that a very vigorous life is not functioning inside all these organisations and that the system of co-operation has not been utilised to the full in the villages and that its benefits are not now flowing freely. The large surpluses in the financing banks and their non-availability to the ryot in the village who needs it, points to dislocation in credit service.

Disintegration of the Village.

5. Permit me, gentlemen, to diagnose with you the causes of the present situation in the movement. I fear that we have swerved far far away, from the main principles, which, however much we may adapt to local conditions and circumstances, can be forgotten only to the detriment of the movement. The framework of the co-operative organisation is democratic, the bond which unites the members is voluntary and the purpose for which they combine is mutual service. The ultimate goal of the movement is the reorganisation of the economic life of the country on a service basis, which will eliminate exploitation through usury, profiteering and rack renting. The method of co-operation, by its very

insistence on local associations, local effort and mutuality, gives a free play to the God-given talents of man and evolves a social life which vibrates with the spirit of service. It recognises that human society can be efficient under local civic vigilance and not merely under a centralised administration, which always shapes human motives, ideals and ambitions for its preservation and enlargement. Social economy in India recognised that the village was the prime unit of society and modelled its services on a co-operative as opposed to competitive basis. But the establishment of a unitary Government with a system of specialised and centralised services, the spread of Government by law with the recognition of a larger freedom and the inter-connection of the village with the international world under modern conditions of trade and transport have introduced forces which the village community could not withstand without re-organising itself. If only the foreign government were wise to understand the genius of the people of this country and were also actuated by the larger motive of fulfilling the Great Purpose of evolving a society which will adjust individual interests in such a manner as to contribute to its maximum service, they would have utilised the older village organisation for the satisfaction of civic, social, and economic needs. But this is is not to be. It was only very recently the Village Panchayat Act was passed. It was given to Lord Curzon only in the year 1904 to introduce the Co-operative Societies Act. What the Village Panchayat Act means to achieve by granting certain legal sanctions to the village organisation for ministering to social and civic needs, the co-operative society supplies the framework for organising Banking, Agriculture, Trade and Industry on the basis of mutual service as opposed to that of profit. In other words, it is the revival of the old village Panchayat for subserving modern economic ends. This re-organisation of the village in accordance with the Panchayat and Co-operative Societies' Acts is a natural development of our political and economic institutions, eminently suited to the genius of our people. It will give a civilisation to the world, which, while utilising the benefits of a unitary government, civil freedom, and scientific and material development in the world of to-day, will evolve a regional life which will repel exploitation, evoke initiative and enterprise and found it on the highest motives of human service.

Unco-operative Atmosphere.

6. It is no doubt true that the atmosphere in which we have to build the co-operative organisation is not conducive to its growth. There is a spirit of helplessness all round in rural life brought about by want of opportunities for developing "Self-reverence, Self-knowledge and Self-control". Ignorance of modern economic conditions has

brought about the subjection of the ryot to the money-lender, the retail shop-keeper and the middleman trader. A free play of competition with the development of international trade has created social cleavages, leading to disunity, discord and exploitation. No one is safe under this reckless competition. The benefits of modern law are being misused by the clever and interested few in the village for private ends. Modern administration dealing in all matters through a subordinate staff, controlled from above, does seldom conduce to efficiency and creates an attitude of mind in the people which, not caring for local sanctions, will not fear to commit any wrong with the connivance of these subordinates. A reform in the administration, a larger co-ordination of legal decisions with moral sanctions, and a maximum use of local economic resources based on a legitimate distribution of wealth are dependent on the creation of a strong assertive village public opinion. The forces operating against us, therefore, should not deter us from this large work of reconstruction, but on the other hand should only act as additional stimuli to educate the rural society with an intensity and persistence, which will drive away this spirit of helplessness and disunity from village life.

Defects in Propaganda.

7. Let us analyse, gentlemen, whether our present policies and programmes of work will really lead to the goal of realising the co-operative basis in village life. Is the organisation of a co-operative society so conceived as to make it function as an economic organisation for the whole village? The statutory ten satisfies the requirements of the Act for purposes of registration. How can it then function for a large membership? Societies are started on caste basis. How can these be called village societies? Emphasis is more often laid on the concessions and privileges given by Government and members are also told that Government would recover the amounts in cases of default. But on the other hand, the member is not told of the significance of unlimited liability which is the cement of village life. The appeal is made to a low rate of interest on loans distributed by financing banks. And as our propaganda appeals to beneficent services from outside, the member does not realise the spirit of self-help and mutual help underlying the credit organisation and consequently the old helplessness and subjection of the ordinary ryots to the money-lender and the trader take only a new form under new agencies. There are two fundamental aspects in the building up of any organisation—the one is the service-part of it and the second is its organisation part. An undue emphasis on the latter without inculcating the former, creates a craving for outside services without developing that instinct for mutual

effort. It is no matter for surprise, therefore, that co-operative societies have become banks for a few not subject to the control of the general body of the people, throwing out a large number of administrative problems for maintaining them in a fair condition. When once the spirit is wanting in the members who comprise the rural society to make it function as their own organisation for their economic ends, it is not possible to expect in the federal organisations started for educating, supervising and financing them, a true sense of responsibility to make them serve the interests of the village, and for real representatives being sent to them by the rural societies. In fact, with the weakness at the bottom and the conversion of village societies into banks for a few, it is not impossible to find the reflection of the same tendency, namely, the possibility of the federal bodies becoming "mutual accommodation" societies. The upper constitutions therefore hang very often on the strength of a few stray individuals interested in making the movement a success. We are also led into the false position of devising checks and counter-checks, formulæ, rules and registers which, while they may be good in thenselves, cannot prove a panacea for the fundamental defect in the movement. For, so long as village public opinion is weak, the clever panchayats can satisfy all forms and formalities, devise cleverer methods to defeat the ends of rules and refuse to function as the trustees of an economic organisation for the whole village. Neither a superior body nor the Department can hope to maintain the integrity of the village society by power from above. The remedy therefore lies, so far as the village society is concerned, in intense and incessant propaganda, which can be done only by a paid staff. And all this propaganda will be useless unless the staff has developed an outlook which will instinctively feel a repulsion for an exercise of authority by itself and never swerve by a hair's breadth in any of its actions or utterances in weakening the sense of responsibility of the village co-operative society. May I therefore take leave to suggest that this present session of the Provincial Conference will be doing its duty to the movement by considering the question of providing an efficient and pervasive staff for sound propaganda and also discovering the resources for its maintenance?

Co-ordination of Functions.

8. We should also make the necessary provisions in the bylaws for a due control of the paid staff and for a proper watch that propaganda is conducted on sound lines. At the same time, safeguards are necessary to educate the representatives in the supervisory and financing agencies to a full sense of their responsibility, in view of the fact that the village organisation is not so enlightened as to ask for an account

of them in these bodies. Departmental control in protecting the co-operative interests is largely disappearing with the poor quality of Assistant Registrars, the creation of a complicated machinery for regulating the functions of the upper controlling staff, and the Departmental withdrawal from the supervisory and administrative duties. The latter has made the Departmental officers less useful as advisers of the movement, lacking as they do in a knowledge of rural societies, and as advice divorced from the responsibilities of administration will lose much of its value, unless coupled with a large influence. We should therefore devise some methods by which federal institutions for finance and supervision will be able to discharge their functions as trustees of the village organisation. We have also to devise those permanent methods usually adopted in administrative services which are under the control of representative institutions. An efficient paid staff properly controlled and regulated in its work in District Banks and District Federations is a necessary adjunct for their sound working. Even when a capable staff helps the administration, the need will always exist for an independent review of the actions of the Executive in all its details with a view to obtain the maximum publicity about the strength and weakness of an institution and thus help its general body to have the fullest information about its Executive. There are so many matters which cannot easily come under the purview of public criticism, even when we have a powerful general body. There are some inherent powers in the Executive and the Establishment maintained by an institution which cannot be controlled by a deliberative body as the Board. The representatives are after all honorary workers. Honorary work, even when it is based on its fundamentals for success, namely, knowledge and a spirit of service, can only shape policies and formulate principles of working. It cannot control every detail of administration. Further, the administrative work of supervisory bodies and financing banks requires an educative exposition, to what extent the details of their work are in consonance with their objects. We therefore require an administrative review of the working of Local Unions, District Banks and District Federations for maintaining a high quality in the administrative and propaganda staff and educating their representatives in sound principles of management. Even these safeguards will be insufficient in District Banks and District Federations if they do not help in the independent expression of opinion on all matters which arise in the meetings of their Boards and general bodies. It is for this present session of the Provincial Conference to consider whether it would not be wise to introduce some provision in the bylaws by which it might be possible to invite as their members, gentlemen interested in the movement and who can be expected to freely express their views on any question. When all this is done, the starting of different institutions for different purposes as supervision and finance presents problems regarding the regulation of their work by which we should avoid any clash or overlapping. A mutual exchange of representatives is therefore necessary in their interests. These then are the questions, gentlemen, which we have to consider, if we are to achieve administrative efficiency, retaining at the same time the federal character of financing and supervisory agencies.

The Internal Strength of the Co-operative Organisation

9. But, granting all these safeguards are there, the question still remains. Have we established sound conventions and traditions? Have we achieved sufficient mutual discipline, sense of compromise and that innate respect for our own resolutions so that the movement may be self-propelled without extraneous control or discipline? The federal supervisory or financing institutions have not been set on their feet, their relationship with the Primaries has not been consolidated and the outlook of the non-officials has not so changed as to take their mandate only from the co-operative bodies and not from the officers of the Department. To increase the staff of the Department for purposes of supervision and propaganda, and for controlling the working of the movement, will never take us to the goal of building up a self-contained co-operative organisation. Some agreed policy should be arrived at between the officials and non-officials which, while making the control of the Department healthy and co-operative, will ensure the sound working of the federal bodies.

Reforms in the Department

10. I have touched on the main issues, which are agitating the minds of co-operators and should be definitely solved by them, if the movement is to be put on sound lines. But this present address will be incomplete without a reference to the reforms required in the Departmental organisation. The lot of the Department is cast with us and every action or utterance of theirs has a bearing on the conduct of our institutions. Certain reforms are imminently needed in the Department for the due discharge of the statutory duties developing upon them. The quality of audit can improve only with an improvement in the quality of the staff entertained for the work. Complaints are numerous that audit is largely delayed and over-delayed in many sections. I no doubt realise that the release of the Department from the preparation of the annual administrative statements and the audit of urban banks will help the departmental staff in promptly finishing the audit of rural

societies. But these are only explanations and do not solve the question of a better and prompt audit. The division of functions among the upper controlling staff of the Department does not conduce to quick business. The earlier a clear division is made of these functions, the better would it be for the progress of the movement. It is widely felt by many officers that the clerical staff is insufficient for making copies of audit reports and preparing postings statements. An increase in the clerical staff is absolutely necessary if the Department were not to be handicapped in their normal work. Another grievance very often expressed by co-operators is that the enquiry under section 35, which by the very nature of the case should be done promptly is unduly delayed, thus facilitating further complications in the affairs of a society. This is a matter which requires urgent attention on the part of the Department.

A Scheme of Expansion

11. It is extremely fortunate for the movement that during this transition period of the movement, we should have obtained the services of Dewan Bahadur R. Ramachandra Rao, C.S.I., who recently had joined the ranks of non-official co-operators. His sound judgment, driving power and commanding position have already given an impetus to the movement. The work that awaits us at present is that of consolidating the existing societies and starting fresh ones on a sound basis so that we might be in a position to evolve effective supervising units and provide the necessary funds for the maintenance of a missionary staff endowed with a co-operative outlook, sound knowledge and zeal for the propagation of co-operative ideas. The impasse that has come into the movement of surpluses on the one side and unsatisfied credit needs on the other is mainly due to the weakness of the co-operative organisation. This means that, under existing conditions, the present co-operative institutions cannot be expected normally to expand their transactioins without any outside stimulus. May I therefore request the delegates assembled here to plan a programme of action which will achieve a large expansion of the movement, by utilizing the existing human resource and providing for an over-head service to push on a vigorous expansion policy on sound lines?

Sir Lalubhai Samaldas Kt. C.I.E.

12. We cannot be too much thankful to you, Sir, for kindly consenting to preside over this session of the Provincial Conference. We are confident that, under your guidance and advice, the Conference will be in a position to solve the many complicated questions which have arisen in the co-operative movement in this part of the country. Your

experience of the co-operative movement is wide and rich. And we consider it a peculiar fortune and a rare privilege for us, co-operators, to have you in our midst as the President of the XV Session of the Madras Provincial Co-operative Conference. Your consent to preside over this Conference held at such a distant place as Madura at much sacrifice of time and energy and at so much inconvenience to yourself is a sure sign of your love for us and your devotion to the cause of co-operation.

I now call upon the Conference to elect the President of the XV session of the Madras Provincial Co-operative Conference.

Proposal of the President.

Mr. Ramaswami Aiyer called on the Hon. Mr. Ramadas to propose the Chairman of the XV Session of the Conference. The Hon. Mr. V. Ramadas at the outset thanked Bombay for giving three Presidents during the last six years to preside over Provincial Conferences. He referred in his speech to the various political and social movements in which Sir Lalubhai had taken a leading part. He made special reference to the large banking experience of the President. Particularly he dealt with the leading position of Sir Lalubhai in the Co-operative movement. He was one of the promoters of the Bombay Provincial Bank, member of the Maclagan Committee on Co-operation, President of the Mysore Co-operative Committee, and Bombay Government non-official delegate to practically all the conferences of Registrars. On behalf of the Co-operators assembled, he conveyed their thanks to Sir Lallubhai for consenting to preside over the Conference.

Mr. K. R. Venkataramaiyer, M. L. C., who seconded the proposal referred to the industrial activities of Sir Lalubhai particularly during the old days in the years 1907 and 1908 when in this Presidency a band of enthusiasts including himself tried to float the Steam Navigation Company at Tuticorin. He also made specific reference to the question to what extent the Government are helpful to the movement and what new paths we should strike out, if the Co-operative organisation is to take strong root in villages. Mr. M. S. Sesha Iyengar, M. L. A., made reference to the work of the President-Elect in the Bombay Legislative Council and as a member of the Council of State and said that his banking experience would be immensely helpful in considering the Reserve Bank Bill in relation to the Co-operative movement in this Presidency. Mr. S. Sadhu Ganapathi Pantulu of Tinnevelly made reference to the social service activities of the President and his wide and vast experience in the field of Co-operation.

Rao Bahadur V. Govindan dwelt on the services of Sir Lalubhai in connection with the work of the Indian Mercantile Committee. Mr. Vishnu Rao of Bezwada speaking in Telugu, said that it was providential that the Conference should be held at Madura and that we should have been able to obtain the services of Sir Lalubhai to preside over the present session of the Provincial Conference. Mr. O. Viswanatha Rao of Nellore made a speech in appealing to the delegates to support the proposition of having Sir Lalubhai as President of the present session. Rao Bahadur M. K. Venkatachariar made a special reference to the activities of Sir Lalubhai specially at the last All-India Conference of Registrars at Bombay and the Conference of Provincial Banks. He also said that he has trained in his son Mr. Vaikunth a greater Lalubhai for the spread of the Co-operative movement. The Chairman of the Reception Committee, Mr. Ramaswamiaiyer, then put the proposition "that Sir Lalubhai do take the chair for the XV Session of the Madras Provincial Co-operative Conference," to vote. It was carried unanimously with acclamation. The President was then garlanded by the Chairman on behalf of the Co-operators and the Cardamum Banks of the Madura District which had prepared a Cardamum garland for the President.

The Presidential Address of
SIR LALLUBHAI SAMALDAS, KT., C.I.E.

BROTHER CO-OPERATORS,

My association with the co-operative movement in your Presidency and with your workers, official and non-official, is so old and my memories of that association so pleasant that I do not feel as if I were a stranger in your midst, and though times have changed and with the times the workers also, I am inclined to look upon you all as old comrades or at any rate inheritors of the great trust left to your keeping by my old comrades. When your call came, I could not therefore resist the temptation to renew old acquaintances and form new ones in this, the senior-most and intellectually the most advanced province of British India. My touch with the co-operative movement in your and in other provinces is not so close as it was a decade ago, nor is my personal touch with the leaders of this movement the same as it was at that time. Some of the veteran leaders like my esteemed friends, Sir V. C. Desikachari and Dewan Bahadur Swamikannu Pillai, have joined the vast majority on the other side of the Borderland, while other leaders like Sir P. Rajagopalachari and the Rt. Hon'ble Srinivasa Sastri have left us for the conquest of new worlds. As a result of the want of this close touch, the views which I am putting before you today may perhaps appear to be antiquated and, if so, I request you to make allowances for any such failing. It is a great comfort to us to find that we have still with us friends and old workers like Dewan Bahadur Ramachandra Rao and Mr. Adinarayana Chetty who are still as active in their service to the cause as they were of yore, and I have every hope that with the assistance of old friends like these and the sympathy and support of the fresh recruits to the cause whose acquaintance I hope to cultivate during the days I am in your midst, I shall be enabled to guide the deliberations of this Conference to your satisfaction. Before leaving this personal aspect, may I be permitted to thank the organizers of this Conference for the spirit of comradeship they have shown to the neighbouring province of Bombay by calling upon it for the third time to supply a worker to preside over its proceedings?

I do not feel quite competent to review, as is customary on such occasions, the progress of work in the preceding year. It is a well known fact that the mind of the South Indian is keenly analytical, and I am confident that many among you will already have subjected the facts and figures presented in your annual reports to a close scrutiny, and will have deduced your own conclusions so that there will be scarcely anything of value that I, as an outsider, can bring to your notice. Thanks to the courtesy of the Co-operative Department of your province, I have been regularly favoured every year with its annual administration report and, till recently, I used to follow events in this Presidency with interest. I have a grievance against your annual reports in that they are so overloaded with information presented in a statistical form—and occasionally so devoid of anything else—that even for persons like me who are not frightened by figures, it is difficult to see the wood for the trees. On comparing your record with that of other provinces in India, I see that while in respect of the aggregate membership of primary societies and the total working capital involved in the movement, your province is easily the first, you are next only to the Punjab in regard to the total number of registered societies. The days, however, when progress was measured by increases in numbers of societies are fortunately gone, and it is gratifying to find from notes presented to this Conference and the discussions going on in your English journal that far from being content with your achievements you are anxious to consolidate your gains and extend your operations. The elaborate statistics you maintain of the demand, collection and balances of loans in various types of societies convey a much more accurate idea of their financial position than any corresponding statements published in other provinces, and the depression that I observe prevailing in some co-operative circles in your Presidency is probably the penalty you have to pay for the methodical and systematic analysis of your loans and overdues. The last two annual reports of your Registrar contain statements showing the comparative figures of recoveries in six of the major provinces of India, and though comparisons between provinces are always odious, it may be some consolation to workers in your Presidency to find that the standard of repayment in Madras is higher than in three other provinces including, it may be added, the

Punjab which has, rightly or wrongly, the reputation to-day of being co-operatively the most advanced province in India.

I need hardly assure you that it is not provincial pride that leads me to note the fact that your standard of recoveries in referring to it and that of all the other provinces, shown in the statement from which I am quoting, is markedly inferior to the standard attained in Bombay. My object in referring to it is to direct your attention to the factors which are responsible for the present position of Bombay in this matter. In the first place, we have a fairly strict system for fixing instalments of repayment, both as between members and primary societies and between primary societies and central financing agencies. If advances are taken for current agricultural needs, we expect them to be repaid at harvest time, if for trade or payment of land revenue or irrigation dues, within a period not exceeding six months. Loans for purchase of bullocks are made repayable by two or three annual instalments, while a longer period varying from five to ten years is allowed only for loans to redeem old debts and advances for land improvement. This was the system recommended by the Committee on Co-operation and, as one of those who framed that recommendation, it is a matter of satisfaction to me to find that its adoption has been a most valuable factor in raising the standard of repayment, at least in the Bombay Presidency.

Next, it is necessary to realise that success in the sphere of agricultural finance is difficult, if not impossible, of achievement without the establishment of close and constant touch between borrower and lender. The touch that exists at present between the primary society and its members and which forms the basis of our co-operative credit system will not, I fear, suffice for the success that I have in view, because in your Presidency and in other parts of India, the primary society is scarcely a self-contained unit; it depends very largely for its resources on capital borrowed from Central Banks specifically started for this purpose. The proportion to the owned capital that these funds derived from outside bear varies from province to province and in your Presidency the figure is so high as over 75 per cent. If the owned capital is only twenty per cent of the total resources, as it is for primary agricultural credit societies in Madras, one can hardly expect them to evince any very highly developed sense of financial responsibility, and if indiscriminate advances are made, recalcitrancy develops and as a result recoveries dry up the principal sufferer, financially, *i.e.*, the agency that provides the bulk of the capital. The acceptance of this line of thought has led co-operators in Bombay to the conclusion that, in the interest of the movement itself, it is necessary to place on Central Banks a certain amount of responsibility for the inspection of primary societies affiliated to them. All the banks are expected to maintain a paid field staff for inspection whose duty it is to assess the credits of constituent societies, to check if loans have been disbursed in accordance with normal credits fixed at general meetings, to inquire into applications for extension of periods of loans and, where necessary, to stimulate recoveries. Through this inspecting staff which is paid by and, I may emphasise, is directly responsible to Central Banks, a fairly intimate and organic contract has been established between primary societies as borrowers and Central Banks as lenders and the effect of this closer relationship is easily noticeable in recoveries and in the improvement of the tone of management. Despite a not too favourable season and a fall in the prices of agricultural produce, the proportion of recoveries to demand actually went up in Bombay during the year 1925-26. You have in this Presidency tried various methods of establishing contact between central banks and primary societies and securing inspection of affairs from the financial point of view. You utilized for the first few years the agency of the Co-operative Department for this kind of work, which system has now been given up because it really formed no part of the Registrar's statutory duties; for some time, you attempted to deal direct through supervising unions, but perhaps you were not successful in evoking response in the shape of responsible control. Now you are trying to get some kind of touch through the rather complicated machinery of district federations. Both as a student of co-operation and as a practical man of business, I am, however, inclined to uphold the conclusions at which co-operative workers in Bombay arrived some years ago, and I desire to place these before you for your consideration and acceptance if they meet with your approval.

As I have been speaking of the close and constant touch between the borrower and the lender, some of you might expect me to give you some information of the manner in which we bring about this touch between the borrowing societies and the lending central banks in my Presidency. Over and above keeping a special staff for the purpose of inspecting the work of the societies and helping them in the management of their work, and in the expansion thereof in the direction of sale and purchase side, the Provincial Bank from its very inception and the District Banks later on have tried to keep touch with Primary Societies by opening branches and establishing in their midst shops for the purchase and sale work. These branches have proved so useful that the Provincial Bank had at the end of 1925 thirteen branches in areas covered by District Banks as well as those where there are no

District Banks and have decided to open three more during 1926—27. It may interest the conference to learn that the departmental staff which for some reason or other was for some time opposed to the opening of branches has now realised the advantages of this system and has recently actually advised the Provincial Bank to open such branches in areas where intensive work could be done or where experimental work has to be carried out under strict supervision. I will give one instance of each type.

In the Nira Valley Area where there is a large acreage of sugar-cane cultivation owing to canal irrigation, the bank opened a branch soon after it was registered, and it also opened a shop through which the jaggery manufactured by irrigators was sold and manure purchased for their benefit. Now that the societies have been functioning successfully, the bank has handed over the management of the shop to a union of the good societies in the area. The shop is keeping a stock of agricultural implement and sulphate of ammonia for the use of the members of the societies. Although the shop was working at a loss during the first two years, that is, had to spend more on establishment and godown rental than what it earned by commission which was lower than that charged by the sowcars, it is now working at a profit.

The Bank opened a branch at Dohad in the midst of illiterate and ignorant Bhil tribes. One of its duties is to train the members in co-operative methods and to teach them to be thrifty and punctual in repayments. The Bank has been spending about Rs. 5,000 per annum over and above what it earns in interest and has made up its mind to go on incurring a net loss for five years more, by which time it is expected that business will expand to such an extent that the branch will be able to pay its expenses. Our aim is not merely to provide cheap credit to the agriculturists but is to uplift these Bhils intellectually, socially and morally, and I am sure, my friend Dewan Bahadur Ramachanda Rao will be pleased to learn that we are hopeful of raising them to the level of other cultivators in the neighbourhood in the near future. This kind of work is so much appreciated by the Government that they are paying the salaries of group secretaries and half the salary of the special officer of the rank of a Tahsildar appointed for supervision and inspection. I want this conference to consider carefully whether similar work should not be done in your Presidency. I am quite sure that if the directors of these banks realise that their duty does not end by merely finding money for the primary societies but that it extends in other directions also, and if the supervising unions or the newly created district federations do not feel jealous or suspicious of these banks, and if the department supports this co-operation of the borrower and the lender, I am sure, this method will lead to very good results. I may incidentally mention that mainly as a result of this method the recoveries in Bombay have been more than 50% higher than those at Madras and in other Provinces.

Your Central Banks including the Provincial Bank are flush with money and are making fairly large profits. These profits can be utilized in one of the following two ways, viz:—(1) reduction in the rate of interest on loans advanced to societies and (2) in earmarking a large percentage of it for inspection and consolidation work. I hope this conference will give a lead to the Banks regarding the utilization of their growing profits. The reduction in the rate of interest will, I know, be more popular than the other method, but I fear that it will not lead the movement in the right direction. The second alternative will help to strengthen the movement and enable further expansion on sound lines. I need hardly add that I am in favour of the second alternative.

One of the methods adopted by us for the establishment of a living touch in agricultural finance is the maintenance, right in the midst of the people, of a field staff by central banks for the work of inspection. There is another equally interesting method to which I would like to invite your attention. That method is to establish banking agencies right in the midst of the people, organizing arrangements for the provision of prompt finance, and making the banks more easily accessible to the members of societies. This line of action may not be necessary where the primary societies themselves serve as village banks, but the position being what it is to-day, part of the services performed elsewhere by the primary societies themselves have to be entrusted to agencies one stage higher up in the co-operative structure. With branches of banks opened out at taluka head-quarters, it becomes possible for the central financing agencies to get acquainted with the needs and difficulties of the members of primary societies financed by them, an acquaintance which conduces to relax the apparent rigidity of the co-operative system of finance, makes it more human and elastic, and inspires in the minds of the agriculturists a growing sense of confidence. In the Punjab, and in other provinces of Upper India, the importance of this factor is recognized by the creation of banking unions or central banks for smaller areas. In Bombay, the Provincial Bank has adopted the policy of opening branches in areas served by it direct and encouraging district banks to do likewise within their own jurisdiction, a policy which, it is interesting to note, is recently being followed with good results in far-off Burma which in old days was strongly opposed to that policy. In your Presidency, you have 31 central banks to serve 24 districts, and it is only in five districts that you have more banks than

one, while, apart from the City Branch of the Madras Central Urban Bank, I do not believe there are any branch banks in this Presidency. I am aware that the opinion on this side of India seems to be in favour of accepting the district as the unit for the starting of central financing agencies, but even if this view is to prevail, there is no reason why your district banks should not establish means of contact with primary societies affiliated to them by the opening of branches in taluka centres where there are compact groups of primary societies. Our experience at the Provincial Bank in Bombay convinces me that the additional expenditure that is incurred in opening branches is more than recouped in a few years' time by expansion of business, by increase in the fluidity of the investments, and above all, by the creation of a feeling of assurance among the rural population.

There is one more lesson from my experience of Bombay to which I may invite your attention. It is now recognized as almost an axiomatic truth that in India the problem of agricultural finance and the problem of agricultural supply and marketing are closely linked together and no solution of the one is possible which fails to attend to the other. A distinguished economist from your Presidency, Dr. John Matthai, who was, I believe, for some time connected with the Co-operative Department in Madras, gave expression to similar views some years ago. That identically is also the conclusion to which our observation and our experience have led us in Bombay. Agricultural finance, till very recent times, was not conducted on a cash basis, and most of the advances were made in kind and repayments also were, as a rule, made from produce. The effect of this system was that a direct check was imposed on the use of loans, recoveries were facilitated, and a basis was available for gauging the repaying capacity of the borrower. When we have the borrower systematically educated in the proper use of credit, when our machinery for assessment of credit-worthiness is well developed, and habits of punctuality are thoroughly imbibed, we may well dispense with these useful features of the system of rural credit we have attempted to supplant. But till that stage is reached, I strongly hold that the functions of credit, supply and sale, should be closely interlinked and even though separate organizations may be found necessary for the performance of these services, there should be a systematic co-ordination in the working of these different agencies.

My excuse in referring at such length to the factors which in my opinion have been responsible for the high standard of repayments in Bombay is that the subject of overdues and repayments is to-day of greater importance to the movement than any other. Progress is judged by the soundness of the foundation, and if our primary societies show evidence of unpunctuality on the part of members, we can hardly expect either those within the movement or those outside, officials and non-officials, to support any proposals for further expansion; if all is not well with the existing societies in a matter which is one of vital concern to them. If there are arrears, you cannot hope to provide fresh finance, which means that the growing resources of your central financing agencies remain unutilized and are a drag on the movement. If there are arrears, you cannot urge the increase of the borrowing capacity of members and of societies, and unless you do this, not only will the larger cultivators not be attracted to your societies as new members, but the existing large agriculturist members will go away from the societies, and as a result, persons fit for rural leadership will be lost to the movement. And, further, it will not be possible for you to stop or reduce the drain of money from your central and provincial banks for investment outside the co-operative movement of your Presidency, whether in Government securities or in deposits with other banks. A vicious circle is thus set up and the constructive programme I have sketched above is intended to find a passage out of this circle.

There is one aspect of the problem of agricultural finance which I have not touched so far and to which I would now like to turn. We have attempted till lately to provide through our co-operative credit organization, both short term and long term credit, and have consequently been unable to perfect our machinery for either. In most countries, there are two separate organizations for the two types of services, and I am glad that Madras was one of the first provinces in India to recognize the importance of having an entirely distinct organization for long term land mortgage credit. I also embrace this opportunity of congratulating on behalf of co-operators all over India my friend, the Hon'ble Mr. Ramadas Pantulu, on his success in getting the Council of State to agree to a resolution calling upon Govenment to take early steps for the provision of arrangements for land mortgage banks in different provinces. Various proposals for the type of organization required are being put forward from different students of the movement in different provinces, but in view of the pronouncement made by the Hon'ble Sir Mahomed Habibullah in the Council of State, it is unlikely that any Local Government will embark upon any definite line of action until the recommendations of the Royal Commision on Agriculture in India have been published. There appears, however, to be general agreement about a few points and in order to clarify our ideas on the subject it is to these points, rather than to detailed arrangements, that I should like to draw your attention. The first of these points of general agreements is that even those among us who want a distinct organization for land mortgage credit insist that the organization should be co-operative in its constitution and working and not a centralized purely capitalist body like the Agricultural Bank of Egypt dealing with individuals direct. Next in importance is the universal acceptance of the need for State aid in any scheme for long term credit. There is general agreement that the most suitable form in which this assistance can be given would be the recognition of the mortgage bonds issued by the banks as trustee securities and the guaranteeing by Government of the payment of interest on the debentures till maturity. Opinion is not unanimous about the subscription by the State to the share capital of the mortgage banks and the purchase of the initial issues of debentures. Nor is opinion unanimous whether the smaller land mortgage banks in the district should be empowered to issue debentures or whether, as my friend the Hon'ble Mr. Ramadas seems to suggest and the Conferences of Registrars and Provincial Banks held in 1926 resolved, this responsible work should be entrusted to a central organization in every proivnce. I am personally inclined to favour the latter view, first because of the practical difficulty any Government will feel in guaranteeing the liabilities of a number of small institutions and secondly because the need of your province as well as mine in respect of long term credit are so vast that we want a strong efficient apex institutions to obtain for the agriculturist finance from the money market on the most favourable terms possible. It will be necessary to establish touch with the Reserve Bank of India if it comes into being, and also with the Imperial Bank of India, and a strong central body can do this better than a number of units scattered all over the Presidency.

This leads me to the very important question of the place of co-operative finance in the new banking regime to be inaugurated under the aegis of the proposed Reserve Bank of India. The banking operations of Government will henceforth be entrusted to this so-called Central Bank which again will function through the Imperial Bank and its branches. It is very difficult to say what effect this change in banking organization will have upon the relations already established between co-operative banks and the Imperial Bank as bankers for the State. The Imperial Bank will function in future as agents of the Reserve Bank, and as they will not own any direct responsibility to Government they may curtail and even suspend the facilities which, after years of persistent effort, co-operative banks have been able to secure from them. This applies to the grant both of financial accommodation and of facilities in the matter of transfer of funds. There is yet another point to which I should like to refer. Government appear to be still under the impression that the sole agency for the development of the banking habit all over the country is the Imperial Bank of India, forgetting that nearly four-fifths by any extension of the activities of the Imperial Bank and the opening of its branches. The only approach to this vast population lies through the agency of co-operative banks, but co-operative banks located at district headquarters will be nearly as difficult of access as branches of the Imperial Bank of India. It is for this reason, too, that I would plead again for a policy of opening branch banks, for if we do it now at our own risk and cost, we shall later on have as great a claim on some measure of support from the State as the Imperial Bank is putting forward to-day. The Imperial Bank may be recognised as the sole agents of the Reserve Bank in district towns and other large centres of trade and industry, but if we have our banking organisation in smaller centres of agricultural trade, there is no reason why we should not claim to be entrusted with the agency work in selected areas and given concessions similar to those proposed to be given to the Imperial Bank for opening branches. We may also demand that, if by reason of the paucity of their resources, apex banks in various provinces cannot have their names placed on the schedule of banks in the Reserve Bank Act, they should have direct access to the Reserve Bank and that, so far as is possible, finance against crops or produce should be provided only through co-operative agency. In order to enable the co-operative organization to make itself eligible for this form of assistance, I would urge co-operators in this Presidency to develop the system of crop loans, to organize arrangements for the grant of finance against produce held in stock, and to see that this new line of business conforms to the strict requirements of banking law and practice. A similar move in this direction has lately been made in Burma, and though work is conducted at present on a small scale, the experience obtained so far is reported to be satisfactory.

Having dwelt so long on problems connected with agricultural credit and banking as to cause some of you to regret that the organizers of this Conference got a banker and a financier to preside over this session, I shall now turn to other aspects of the movement which will come up for your consideration during the next two days. I have not had an opportunity of going through the notes and papers presented at the Conference and consequently I am not in a position to offer any criticisms or suggestions on the specific proposals contained in these notes. Since writing the above and just before leaving Bombay, I got

through the courtesy of your Reception Committee a printed copy of the notes and papers to be submitted at the Conference. In the beginning, I would like to congratulate the Madras Provincial Co-operate Union at their questionnaire which covers almost all subjects that need be taken up in a conference like ours. I also deem it my duty to thank the various writers of the papers and the assistance they have thus rendered to us in understanding the difficulties in our way and finding out the means to remove them. The most important item is that about "Consolidation and Expansion," and it is for the Conference to decide whether the Consolidation should be carried on through the agency of the Central Banks which are the institutions that will suffer if there is any loss to the primary societies or by the newly created District Federations through the Supervising agencies. I find there is a difference of opinion on the subject amongst the writers of the papers. Coming as I do from Bombay, I believe in the theory that the man who is likely to be materially affected by the failure of the movement will be best fitted to help in making it a success. To tell you frankly, I really cannot understand the creation of District Federations working for the purpose of strengthening the Supervising Unions. If the supervising unions require any assistance or guidance, and I believe that they need both, such assistance and guidance should come from the Central Banks who find part of the money for inspection work. I am in favour of a clean cut division between the duties of the Registrar, the financing agencies and the Co-operative Unions. While the Registrar and the official staff should confine their work to their statutory duties and the financial agencies should look after recoveries of the moneys advanced by them and also render necessary assistance in the development of the existing societies and in creating new types of societies such as purchase and sale ones, the Co-operative Unions should confine their energies to education and propagandist work and in instilling ideas about non-credit work in the minds of the people. In the early stages, there is bound to be some overlapping, but if a conference like this gives a lead in this matter, I am confident that that lead will be loyally followed out by the various authorities concerned. If all these bodies trust one another and have faith both in themselves and in the material with which they have to work, I do not see any reason why we should not have a useful co-relation of the various duties through these institutions. I have given in another place my views about the Land Mortgage Banks and it will be for the Conference to decide after considering the papers and also the views that would be put before you by my friend the Hon'ble Mr. Ramadas Pantulu and others as to the type of Land Mortgage Bank that is most suitable for your Presidency.

All the same, I propose to offer to you my views on some of the matters of moment which appear to-day to be occasioning considerable discussion among co-operative circles in Madras. In the first place, I think it is necessaay for all of us to clarify our views on the respective spheres of official effort and State action and of popular activities and private initiative. It is a little difficult to define the exact boundaries of the statutory duties and powers vested in the Registrar under the law and to ascertain where the limit is being transgressed. Generally speaking, I think it would be a good rule for all Local Governments in India to direct their executive officers to take up work beyond the spheres of action prescribed for them under the law only in consultation with or at the instance of representative co-operative bodies. No changes in policy should be embarked upon, save with the concurrence of central representative bodies, like your Provincial Union, or conferences and congresses held under their auspices. Lastly, I for one would like to suggest that once popular representative bodies like your Provincial Union are established, which enjoy organic connection with primary societies through supervising unions and district federations, Government should cease to spend money for allowances to nonofficial workers like honorary organizers and Honorary Assistant Registrars and should permit the absorption of this agency by the representative bodies to which these workers will hold themselves responsible. The amounts now sanctioned for the payment of allowances to those workers should be transferred to the central bodies, ear-marked if necessary, for certain special items of activity, and as education and propaganda can be carried out more effectively by workers attached to voluntary agencies enjoying a living touch with the people and sharing their joys and sorrows, the exercise of these functions should be delegated to central bodies. These bodies will be entitled to obtain from Government liberal financial assistance for their work of education and economic reconstruction. Though it is not desirable wholly to divorce financial administration and control from the work of supervision and education, I would keep the two sets of activities apart and make the apex bank responsible for financial policy and guidance securing co-ordination by informal arrangements for mutual consultation and representation on each other's committees of management. I am glad to observe that latterly the apex bank of your province has commenced to play its true role in the movement, has got into touch with district central banks, and begun to perform deliberative and other functions such as a federal bank would naturally undertake. Your Provincial Union, in its own sphere of work, has been planning similar action for the past many years, but its most serious drawback to-day seems to be a sad lack of the wherewithal to carry its

admirable plans to fruition. Ardent believer as I am in the principles of devolution and decentralization, I am still convinced that no real progress in de-officialization in your Presidency is possible until the Provincial Union is a much stronger body than it is to-day both financially and constitutionally, and until some organic connection is established between it and the supervising unions and district federations which are your local units of co-operative administration. In Bombay, we have in the Provincial Co-operative Institute a unitary body; with your district federation and unions already functioning, your line of development may be different and you may have a federal form of organization, but it should be a real federal constitution with proper duties and responsibilities attached to each unit in the system. In Bombay, Government and the Legislative Council have been induced to assign to the Institute a definite status under the law and in practice, by convention. The principle of a grant on a Rupee to Rupee basis up to a maximum of Rs. 30,000 has also been accepted. I would urge your new Ministry not only to adopt the policy of making grants for propaganda and education but also to accord some recognition to your Union, by convention if not by statute, for only if such recognition is forthcoming will public leaders be inclined to associate themselves with your central representative body which should be the fountain-head of inspiration and enlightenment for the movement in this Presidency. We cannot have enough of selfless devoted workers, and to all those who believe in the attainment of Swaraj through the pursuit of a constructive programme I would earnestly appeal to aid in this task o economic reconstruction. The aim of all political action should be to increase human happiness and to enable each man to be himself at his best. Political democracy even in self-governing countries has not invariably led to this goal of human effort and what we want is democracy in economic life in place of plutocracy. There are, it is true, various methods of achieving economic justice and independence, but for a country like ours where the bulk of the population lives on agriculture, the co-operative method seems to be the most suited to achieve that economic freedom without which the basic industry of this country and those engaged in it have not only no hope of economic freedom, but are in danger of sinking to a still lower level of economic efficiency. Critics may urge that our movement is utopian, that it fails to appreciate the difficulties of the situation, that it forgets the ignobility of man, that it ignores the inertia of our rural population, their lethargy and backwardness. To counter such critics, what we need is faith in our mission, belief in our gospel and a real desire to help our brethren who live on agriculture.

If we have these, then we would reply in the vigorous language of Mr. Harold Loski:

"That is the kind of pessimism that has always been an essential part of the tactic of reaction. We have to build our philosophy on hopes and not on fears. We have to lay the foundations of our systems on what the courage of men has achieved, not on what their cowardice has failed in achieving. Almost every progressive change has met opposition on the ground of its impossibilities: and every progressive change has been achieved because a handful of idealists refused to admit it was impossible. The real sin in social philosophy is lowness of aim. We need not cry for the sun; but, at least equally, we need not deny the possibilities of light."

I have come to the end of my address and am nearing the end in other directions also, and at this stage, I deem it a duty to lay stress on the proposition that the good and welfare of the country means the good not of the few, but of the vast masses, without whose willing held there can be no real progress in any direction. Our movement is an humble but honest effort to improve not only the economic but the social, intellectual and moral condition of the large proportion of our countrymen that live in villages. That movement is not only open to all classes of workers without distinction of class, creed or political parties, but is one at which all public leaders and workers can strive together for a common noble aim without sacrificing their principles. It is for the younger generation of educated men to extend the activities of the movement and to carry on the work, begun in a small way only 23 years ago and yet showing such splendid results. Let them work in a selfless way for their poor and ignorant brethren and keep aloft the torch always burning, so that it may give more and more light to all. God helps only those who help themselves; let us by our work befit ourselves for that help from Providence without which no human effort can succeed.

IV

LETTERS AND TELEGRAMS OF SYMPATHY.

The President then called on the Secretary to read the letters and telegrams wishing the conference success.

1. The Managing Director, The Bombay Provincial Co-operative Bank, Ltd., Apollo Street, Fort, Bombay.
2. The Hon. Secretary, Provincial Co-operative Bank, Bangalore City.
3. The Hon'ble Dr. P. Subbarayan, Chief Minister.

4. Mr. G. K. Devadhar, President, Provincial Co-operative Institute, Bombay.
5. Sir T. Desikachari, Trichinopoly.
6. Registrar of C. S., Bombay Presidency, Poona.
7. Chief Conservator of Forests, Camp Ootacamund.
8. Mr. K. T. Paul, Esq., National Council, Young Men's Christian Association, Calcutta.
9. Registrar of C. S. Punjab.
10. Prince Bidaya, Siam.
11. Phra Bicharu Barnit, Bangkok, Siam.
12. Secretary, Provincial Co-operative Institute, Bombay.
13. Registrar of C. S. Rangoon.
14. Registrar of C. S. Trivandrum.
15. President, Co-operative Federation, Conjeevaram.
16. Registrar of C. S. United Provinces.
17. Zamindar of Seithur.
18. Mr. R. Narasimhayengar.
19. ,, T. S. Balakrishnayar.
20. Rao Bahadur N. Krishnasamy Ayengar.
21. Mr. Santhanakrishnan.

The following telegrams received from various Provincial Institutes in India were also read at the Conference.

The Berar Co-operative Institute.

"I am very much thankful to you for your kind invitation of the XV Madras Provincial Co-operative Conference to be held at Madura. I wish the Conference a success."

President.

Telegram from the Governor, Co-operative Federation, Patna, 15th April 1927.

"We send our hearty greetings on the occasion of the XV session of the Madras Provincial Co-operative Conference and exceedingly regret that no representative of our federation can attend the Conference owing to shortness of notice. We sincerely hope that the labours of the Conference will lead to the achievement of further successes in the realm of Co-operation."

Telegram dated 14th April from the President of the Co-operative Organisation Society, Calcutta.

"Bengal Co-operative Organisation Society sends its most cordial greetings to Conference, wishes it every success and hopes Co-operators all over India would be benefited by its deliberations."

Telegram Dated 14th April from Mr. G. K. Devadhar, President of the Central Co-operative Institute, Bombay.

"Regret inability to attend Conference, wish it every success under your able guidance resulting into practical progressive results."

The President then called on the Secretary to read the report of action taken on the resolutions of the XIV session of the Madras Provincial Co-operative Conference.

REPORT OF ACTION TAKEN ON THE RESOLUTIONS OF THE LAST CONFERENCE.

The XIV Madras Provincial Co-operative Conference is important mainly in defining the functions of the several parts of the Co-operative organisation.

Resolutions XIII, XVI, IV(a) and X define the functions and scope of work of the rural credit society, local unions and the District Banks.

Resolution II explains the functions and the constitution of District Federations.

Resolution IV(e) enjoins on them to undertake the organisation of classes for the training of panchayatdars without loss of time.

Resolutions VIII and IX define the functions of the Provincial Union, District Federations and the Madras Central Urban Bank in the control and regulation of the movement.

Resolution XXVI (a) appoints the P.C. U. as the Conference.

Four circulars were issued on these questions, the one explaining the organisation, functions and the constitution of the local Unions, the second in the form of a questionnaire with a view to indicate the points which every Local Union has to consider in fully developing the rural credit society so as to make it serve as a village organisation for the satisfaction of all economic needs, the third communicating the resolution about the District Federations and the fourth formulating a constitution for the Provincial Conference. Circular No. I is purely educative, intended to indicate the functions of the Local Union as the Development Association of each area and the need for compactness, men and funds for its successful working.

Circular No. II is a questionnaire issued to make local unions understand the various economic questions they have to consider in developing the rural societies. 13 Unions replied to the questionnaire and they have been published as pamphlet No. V under the title of 'Co-operative Survey of economic conditions'. It is hoped that this pamphlet will stimulate interest in the improvement of economci

conditions which are attempted to be solved through the co-operative organisation.

Circular No. III has called for reports from District Banks and District Federations, regarding the changes made in the latter in accordance with the resolution of the conference of last year. Madura has formulated its constitution more or less on the same lines and we are glad to give below the views received so far on the question. It is unfortunate that the Government should be still holding to the view that a district federation is a federation of unions only in spite of repeated declarations by the Conference that it is a district body of all co-operative societies. As regards resolution IV re: the organisation of rural classes by District Federations, the P. C. U. has already issued a syllabus of 20 classes for their guidance.

Circular No. IV was issued in order to get views of District Banks and District Federations about the constitution for the Provincial Conference. The Advisory Body considered this question at its meeting held in January and appointed a Committee to report on the question as also on the question of the draft rules for the conduct of the Provincial Co-operative Conference. The Committee consists of Messrs. the Hon'ble V. Ramadas, Rao Bahadur A. Vedachala Iyer, N. Satyanarayana, Rao Saheb T. Srinivasa Rau and K. G. Sivaswamy Iyer. All the mem-bersof the Committee excepting the last mentioned gentleman have submitted a unanimous report. Mr. Sivaswamy Iyer has sent a dissenting report. Both reports are published in the March-April number of the English Bulletin.

Resolutions VIII and IX relate to the appointment of standing committees in the P. C. U. for acting as the recognised exponent of non-official co-operative opinion on all matters and also to the subject of standardising the qualifications and training of the supervisors by the P. C. U. The first question comes again for reconsideration of this conference for providing the necessary funds for carrying out the duties, involved in the same. The subject of training of supervisors (resolution 9) also comes up before the present conference with a view to systematise the training for supervisors and enlarge the number of classes held for them.

II

The second set of subjects considered by the conference related to questions on which the Government was requested to take the necessary action. As regards resolution III which requests the Government to include a course of co-operation in the Agricultural College, the Government have replied that such a course has been included in the syllabuses of the B. Sc. degree (Vide page 186 of the English Bulletin). As regards resolution III(c), the Director of Agriculture has replied that he would be in a position to consider the question of arranging for every demonstrator to do intensive work in at least one union area within his jurisdiction provided the services of secretaries of Local Unions are made available for at least a week for touring with the district officers. On resolution VII(a) which requests the Government to appoint Inspectors from qualified men trained in accounting, banking and auditing, the Government have replied in the following terms :—

'I invite your attention to para 95 of the Maclagan Committee's reccommendation in regard to the qualification of the auditor. While every endeavour is being and will be made to raise the standard of qualifications of auditing Inspectors, the proposal in the resolution is hardly practicable. Every inspector has to pass the Government Techical Examination in Book-keeping and no Inspector is allowed to audit societies independently until he has undergone a course of practical instruction.

The Conference also requested the Government to publish the audited figures as an annexure to the Administration Report for public information in addition to the unaudited figures now published. The reply states that the audited figures could not be given in the administration report as thereby audit work will become hurried. The resolution of the Conference does not ask for the audit figures in the place of the unaudited figures. It only wants that the audit figures of the previous year should be supplied along with the administration report of the next year. Resolutions VII(c) & (d) require that audit of central banks should be undertaken by officers of the grade of at least Assistant Registrars and test audit of ten per cent of societies by the superior staff should be provided for. The Government state in their reply to this resolution that the Deputy Registrars are responsible for the audit of central banks and test audit has been provided for. We are glad to mention that resolution VII(c) of the Conference requesting the Government to supply copies of audit reports to Central Banks and Unions has been acted upon by the Government and 46 clerks have been provided for in the recent budget for making copies of audit reports. These institutions are asked to pay for the copies at the rate of 4 annas per copy. As regards resolutions VII(f) requesting the issue of audit certificates of primary societies within five months after the close of the co-operative year, the Government have replied that 'every endeavour is being made to issue audit certificates with as little delay as possible'. The Government also remark that delay is due to administrative work of preparing the annual statement and making collections, being done by the audit staff. We trust that the Conference will make some prompt and helpful arrangements which will release the department completely from these two kinds of work.

The following are the replies of the Registrar on the other resolutions of the Conference. The Registrar regrets his inability to support the case of urban banks lending on the security of non-members' deposits as in the case of central banks (vide Resolution XVIII). On the subject of remuneration to Secretaries of rural societies, he has informed us that it shall not exceed in the aggregate 25 per cent of the net profits and the question of vesting the power of sanction in District Federations will be considered. The attention of the Deputy and Assistant Registrars has been drawn to the resolution of the Conference which urges consultation of existing societies before they are split up (vide Res. XXII). As regards the abolition of Administrative Inspectors, the Government have replied that they are 27 at present and cannot be further reduced. Replies to the resolution XVII exempting Co-operative Societies from the payment of profession tax, (XXIV) abolition of the Joint Registrar and appointment of a separate Registrar with a knowledge of Telugu, XVI International Co-operator's day to be declared a public holiday, and XI appointment of a Committee of enquiry are awaited from the Registrar.

III.

Problems of the year.

Concurrent audit :—The Conference had also to consider some of the outstanding problems of the movement. The time has come for Urban and Central Banks to arrange for concurrent audit. While the Conference urged on Central Banks to arrange for concurrent audit, it could not come to a definite conclusion about Urban Banks as they are at present making contributions to the maximum of Rs. 150 to the supervision fund of Local Unions. It was therefore resolved that the whole question should be threshed out by eliciting the views of Urban Banks on the same.

Agreeably to this view, a circular was sent to all important Urban Banks and their views are summarised below. *A Majority of the thirty Banks which have replied so far are of opinion as follows* :—(1) Local Unions are not helpful as they are not competent to conduct the audit. Nor would it be good in principle to tack on this work to them.

2. The formation of audit unions is suggested as essential, in which case separation from local unions is advocated as a double

contribution will not be in the interest of the urban banks. If the local unions lose the financial help of the urban bank, the latter cannot help it. Local unions must try to get help elsewhere. The Government should grant them subsidies.

3. Besides the formation of audit unions, some other arrangements are also suggested. Sivaganga Urban Bank suggests that District Federations may conduct the audit. Coimbatore Public Servants C. S. says that honorary auditors should be trained and appointed so that urban banks may remain affiliated to local unions. Gobi Urban Bank suggests appointment of non-official auditors by the Registrar. The Post and Telegraph C. S. Madras suggests that the audit must be done by Chartered Accountants or by Government Inspectors at the cost of the Banks themselves. Pudupalayam Urban Bank would like to have efficient supervising unions or in their absence to have the audit conducted by local private agencies.

3. As regards the scale to be fixed for the payment of audit, the Coimbatore District Public Servants C. S. suggests 3 per cent of the net profits of the year not exceeding Rs. 125 per annum; Gobi Bank says that the fee be paid out of the amount now paid by the bank as supervision fund to the local union. Karur Town Bank $\frac{1}{8}$ per cent of the working capital up to Rs. 200 per annum. Paramukudi: supervision fund to be diverted. Berhampore: is paying Rs. 150 to the District Bank which conducts the audit. Little Conjeevaram: Rs. 300 allotted for payment to the audit union.

Shiyali. The scale fixed by the Registrar. Pudupalayam : Rs. 100 to 150 according to the volume of the transactions of the Bank.

State Aid:—Whether the banks are satisfiied with the audit conducted by Local Unions or whether they require audit unions or Honorary auditors, almost all of them are unanimous in stating that the State should help them to meet the deficit if any in meeting the expenses for audit in case supervision fund now paid to Local Unions does not suffice when diverted. Srirangam Bank would suggest that if the supervision fund when diverted will not suffice, Government should be requested to contribute not less than 50 per cent of the amount contributed to the audit unions by the affiliated societies. The contribution then would be equivalent of the supervision fund now paid by them to the Local Unions. However it has now been brought to the notice of the P. C. U, that certain Urban Banks are required by the Department to join the Supervising Union as well as the Audit Union. Such an obligation seems hard and uncalled for and requires to be tackled.

Exceptions :—Kulitalai, Berhampore, Dindigul, Vijiyapuram, Cannanore and Srivaikuntam Urban Banks do not wish to have any new arrangements. They are satisfied with the arrangement now obtaining. Of the above, the Tamil banks are satisfied with the audit now conducted by Local Unions."

The present session of the Conference has to finally decide the question.

As regards the Central Banks, they have passed a resolution in their Conference proposing the formation of a central audit union. Report of action taken is awaited.

B. Consolidation and development of rural societies :—Resolution IV urged on Central Banks to make suitable arrangements (a) for improving the condition of existing societies, (b) advancing loans on the pledge of produce and (c) for promoting subsidiary occupations of members of rural societies. Beyond circulating (*b*) and (*c*) to central banks, Dt. Federations and unions and getting information as to the action taken which is summarised below, the P. C. U. was not able to take up any active work to carry out the resolutions.

The Co-operative Central Bank, Conjeevaram, intimates that though it has been affording all possible help for the issue of produce loans, applications for such loans have not been received to any large extent. The Madura-Ramnad central bank says that there is no loan and sale society in its jurisdiction nor is there any prospect of one being formed in the near future as no provision has yet been made in the bylaws of primary societies for the advance of loans on the pledge of produce. Though of course the bank lends to the Cardamom planters' co-operative banks who have thoroughly organised themselves for a joint and profitable sale of produce of members and are issuing loans to their members on the pledge of produce brought into the banks' godowns, the money is lent to the banks not on the security of members' produce so pledged but on the collateral security of the members' bonds.

A few local unions such as Mayavaram and Gooty co-operative unions report that the bylaws of some societies are being amended so as to facilitate the issue of produce loans and that sufficient propaganda will have to be conducted before primary societies would freely issue such loans.

With reference to (*a*) namely, the consolidation of existing societies, the subject engaged the attention of all the Dt. Banks, Dt. Federations, and the local unions in the Presidency. This was mainly due to the vigorous action taken by the conference of central banks to improve the conditions of rural societies. Meanwhile Dewan Bahadur R. Ramachandra Rao joined the ranks of non-official co-operators in October and his driving power coupled with his influence in official and non-official circles has given a filip to this important question of rectification which alone can save the movement from the present impasse of growing surpluses in the district banks and unsatisfied and severe credit needs in rural areas. The propaganda secretaries of the P. C. U. were deputed along with their work to influence the Dt. Banks, Unions and society panchayats to put the rural societies in order and their services were also availed of by the M. C. U. B. and the central banks' conference for the work. The conjoint work of both the institutions has largely stimulated honorary workers and district co-operative institutions to lose no time in rectifying the existing societies. A report of the progress written by the Secretary of the M. C. U. B. has also been published in page 267 of the English Bulletin. It should also be stated here that prominent attention was paid to the question of consolidation in the propaganda conducted by the P. C. U. during the current year.

C. Committee of enquiry. (Resolution XI.) On this question, a reply has been received from the Registrar that the resolution is being considered. Meanwhile a communication was sent to the M. C. U. B. to arrange for a joint meeting of the P. C. U. and itself to consider the question of personnel and funds for the working of the Committee. With the change in the Ministry, it has been considered proper to give some time to Government before they give final decision on the question. We would like to add here that there is a point of view among co-operators whether the present work of reforming the movement will not be unduly delayed as a result of the appointment of a committee of enquiry. Meanwhile Dewan Bahadur R. Ramachandra Rao has suggested the formation of a body of experts to be consulted by the Minister on the problems of the movement. We trust that the present session of the Conference will consider all these points and arrive at a definite decision on the question.

D. Principles regarding grant of extensions and Land Mortgage Banks. Reports on these subjects are appended as A and B herewith which will be considered by this Session. We would like to state here that the President of the P.C.U. the Hon. Mr. V. Ramadas Pantulu moved a resolution in the Council of State on the question of Land Mortgage Banks last February which was carried by a majority. (vide supplement "Reduction of agricultural indebtendness" in March and April issue of the Bulletin).

E. Consumers' Co-operation. Rao Saheb T. K. Hanumantha Rao who was requested to take necessary action on the resolution on

Consumers' co-operation devoted his time largely to explaining the need for separating the credit and non-credit functions in stores. On the basis of the replies to the questionnaire on the subject of consumers' co-operation, Rao Saheb T. K. Hanumantha Rao has contributed a note on the present position and the future prospects of consumers' co-operation."

F. Royal Commission on Agriculture. Information about the economic conditions in the Presidency was collected and this has been issued in pamphlet form. Messrs. V. Ramadas and K. G. Sivaswamy tendered evidence before the Commission on behalf of the P,C.U. The whole of the Madras evidence has been issued in book form and a single copy is priced at Rs. 2-8-0.

G. Crediting to interest when not due. This resolution was communicated to all district banks. A very few of them have replied so far and their reply shows that the practice is not obtaining at present in these banks.

Resolutions for reconsideration. Resolutions XXI and XXV the one asking for the removal of the present restriction on the number of decrees which can be sent up for execution to the Revenue department and the other urging an amendment of the act reducing the contribution to the reserve from limited societies are transmitted to the conference for re-consideration. A note on the principle of the reserve fund and its relation to share capital in limited societies is also appended for consideration as appendix E.

APPENDIX A.

Grant of Extensions Enquiry Report.

The Fourteenth Session of the Madras Provincial Co-operative Conference passed a resolution in the following terms regarding the grant of extensions for loans due to Co-operative Societies and Central Banks :—

"*Grant of Extensions for loans due by Co-operative Societies :—*

(*d*) This conference requests Central Banks to grant extensions in deserving cases but at the same time notes with regret that the system of extension for loans due to central banks in vogue in certain districts is open to grave objections and merits immediate enquiry by a committee composed of a representative of the Provincial Co-operative Union and a representative of the Madras Central Urban Bank with one member co-opted from the Board of Management of the Central Bank concerned."

The resolution was duly communicated to the Madras Central Urban Bank which placed it before the Central Banks' Conference on 8th May 1926. The latter deputed Rao Saheb N. Krishnamachariar as a representative to collaborate with the Provincial Co-operative Union in making a report about the system of extensions. The Governing Body of the Provincial Union met on the same day and elected Mr. A. Ranganatha Mudaliyar as its representative. Mr. K. G. Sivaswami Aiyar was also requested to assist Mr. A. Ranganatha Mudaliyar.

Rao Saheb T. Srinivasa Rao was kind enough to frame a questionnaire about the grant of extensions which was issued on behalf of the Committee by the Secretary of the Madras Central Urban Bank, to all the central banks.

The replies received indicate the following: North Arcot mentions that "the principles on which these extensions were granted are (1) failure of crops in most cases and (2) delay in recovering the money through legal processes in a few cases. The condition that there should be no overdue under interest was scrupulously followed in the cases of extensions granted during the year. Only in a few cases, the resolutions of the societies show that similar extensions were granted by them to their members for the reason that the members were unable to pay their dues owing to failure of crops."

"The Executive Committee has also granted extensions by one general resolution to a group of societies without actual application from individual societies and recommendations of the unions thereon. The Bank is aware of the general bad condition prevailing in the district during that year. These extensions were granted only in the case of societies which have completely paid their interest dues."

South Canara mentions, "the principles as kept in view in considering extension applications are (1) whether collections have been reloaned in the society, (2) whether the inability to pay the dues for which the extension is asked has been due to laxity, indifference or inefficiency on the part of the management of the society." As regards the scrutiny of the application of each society whether it was based on extensions previously granted by the society to its members, it admits that this has not been verified in every case. The report also admits that extensions were granted in the case of loans covered by decrees and awards.

South Arcot mentions that extensions were granted in the case of overdues covered by petitions for execution of decrees or awards of arbitrators.

Coimbatore mentions that the extensions were granted by the Executive Committee after satisfying itself that the area in which each society is situated was really affected either by famine or by floods, and that from records available it was not possible to say whether the application of each society was based upon extensions previously granted by the society to its members. It also mentions that it was not possible to know from the records whether the rural societies concerned actually granted extensions to their members.

Chittoor mentions that extensions were not granted on the application of each primary society and on individual merits. "Extensions were granted on a general resolution of the Executive Committee dated 18th September 1925 to all societies which have paid their interest dues completely before the 30th June 1925, in respect of amounts of principal overdue on 30th June 1925 on the principle that societies which were not in arrears of interest should be shown some concession and advantage over other societies which were defaulters in respect of payment of interest. It also mentions that no steps were taken to see that corresponding extensions were given by rural societies to members thereof. This resolution of the Executive Committee was practically cancelled by the Board of Management.

These replies indicate three points, namely, (1) that, in certain districts, extensions were granted even without applications from societies and the recommendation of the unions, (2) that it was not insisted by certain central banks that applications from the societies should be followed by a list of those to whom the extension is to be granted and (3) that extensions were granted in the case of overdues covered by petitions for execution of decrees or awards of arbitrators.

A perusal of the circulars of the district banks and the departmental officers issued just before the end of June, 1925 also indicates that sufficient attention was not paid to the sound principles enumerated by the Registrar in his Circular A. 2265-25 dated 28th July 1925, and published in the Madras Bulletin of Co-operation for 1925-26 in page 21. The Registrar stated that central banks should discriminate between good and bad societies by several tests and then grant the extensions. It is unfortunate that none of these circulars issued made a reference to this fact. Even the answers from the Central Banks excepting South Canara, show that the fundamental test of seeing whether a society works well and is sound was not applied before sanctioning an extension. Some of the circulars of the South Arcot District Bank indicate a desire to stimulate extension applications from the societies. While the circulars of the officers in the South Arcot District emphasise largely that societies will get extensions if they have not reloaned from collections and secured nil balance in the interest due to creditors and that extensions could also be applied for amounts covered by execution of petitions, they pay less attention to explain about the deserving character of the applicants and the societies. It is regrettable that none of these circulars make a reference to the conditions mentioned in the Registrar's circular for the grant of extensions. It is unfortunate that the circulars of the officers in the South Arcot and Chingleput districts should have been wrongly interpreted in some of the unions that extensions were to be granted in the case of all societies which have paid the interest due to the bank.

It should also be noted that the Asst. Registrar of the Vellore Section did not raise any objection to the wholesale grant of extensions even without any applications from societies. The following resolution was passed by the Executive Committee of the Vellore Co-operative Central Bank on 27th June 1925.

"There will be extensions granted in respect of loans to societies which have no interest overdues on the 30th June 1925 up to 31st December 1925."

This resolution has been communicated by the Assistant Registrar on 2nd July 1925 No. B. 2945/24 in the following terms:

"Copies of the resolution of the Executive Committee of the Co-operative Central Bank is communicated to all auditors, chief inspectors, unions and supervisors through unions, for information."

Presumably the resolution has been communicated so that necessary book adjustments might be made in the books of the societies and carried in the audited accounts.

The discussion of the evils of an unregulated grant of extensions at the conference had also the desired effect in inducing the Registrar to take up this question. While the Annual Report for 1924-25 did not comment on the grant of extensions with a reference to the applications from societies and members but only made a passing statement that "extensions of time obtained by primary societies have not been passed on by them to their members," the Registrar issued the following circular dated 19th April to all Central Banks.

"It is observed from the annual audit reports that almost all central banks have given extensions of time for the repayment of loans due by primary societies. The Registrar requests central banks which have given such extensions in the year 1924-25 to let him know, as early as possible, the principles on which the extensions were granted and whether all the extensions were based on applications received from societies and again whether the applications from societies were in their turn based upon corresponding extensions granted to their members." The 1925-26 report makes a larger reference and a comparison of the several districts as regards the effects of the grant of extensions.

The following comparative statement of overdues under Principal and Interest dues to the District Bank and the Societies for the last two years in certain districts makes the inference possible that the unsystematic grant of extensions has not been continued during the last year. The statement also adds the figures under Chittoor and Salem to show examples of candid statements as regards overdues in districts where extensions have not been artificially stimulated.

Statement showing the overdues (in percentage) to district banks and societies, under principal and interest, for the years 1924-25 and 1925-26:—

Districts	Overdues for 1924-25				Overdues for 1925-26			
	Principal.		Interest		Principal.		Interest.	
	To Dt. Bank.	To Socie.	To Dt. Bank.	To Socie.	To Dt. Bank	To Socie.	To Dt. Bank.	To Socie.
North Arcot	0.60	66.84	0.62	51.0	39 44	66.20	0.59	50.5
Chinglepet	13.59	49.42	0 34	44.0	26 81	57.10	0 85	46.0
Coimbatore	9.15	42.66	0.91	35.0	20 76	44.08	2.28	40.0
Chittor	70.26	69.80	14.75	58 0	71.15	70 99	9.58	56.0
Salem	50.82	60 30	7 02	50.0	55.76	64.59	6.83	52.0

The Registrar has also issued a circular recently which is published in the November Bulletin, pages 176 to 178. That circular clearly indicates the principles which should be followed by rural societies and the district banks regarding the grant of extensions. The Madras Provincial Co-operative Union has considered this circular and issued an editorial through its Editorial Committee in December Bulletin, page 207, on one principle with which it disagrees in the circular of the Registrar. The editorial notes mention "that the grant of extensions by the central bank in respect of overdues covered by references under Rule 14 or Civil Suits whether decreed or not appears to be objectionable."

A report is therefore made to the Fifteenth Session of the Madras Provincial Co-operative Conference that the principles embodied in the circular of the Registrar A 2265-25 dated 28-7-25 already quoted and in his recent circular No. A 1237-1926 dated 16-9-1926 are approved subject to the modification that Central Banks shall not grant extensions in respect of overdues covered by references under Rule 14 or

Civil Suits whether decreed or not, though, further grant of loans for a society need not be stopped on this account, other conditions which entitle a society to loans under the first of the Registrar's circulars quoted above being satisfactory.

APPENDIX B

Report of the Committee on Land Mortgage Banks.

A Committee was appointed by the XIV Madras Provincial Co-operative Conference consisting of the following gentlemen to examine the scheme prepared by Rao Saheb K. Deivasikhamani Mudaliar and report to the Provincial Co-operative Union within the 30th June.

1. Dr. B. Pattabi Seetharamiah,
2. Mr. T. Audinarayana Chettiar,
3. Rao Bahadur A. Vedachala Aiyar,
4. Mr. T. Srinivasa Rau,
5. Rao Saheb N. Krishnamachariar,
6. V. Arunachala Mudaliar and
7. Mr. K. G. Sivaswamy, (Convener).

Certain papers were contributed on the scheme of Rao Saheb K. Deivasikhamani Mudaliar by Messrs Rao Bahadur A. Vedachala Aiyar, V. Murugesa Mudaliar and K. G. Sivaswamy. Views were also received on the scheme from several District Banks. A short note was also published about the working of land mortgage banks in other countries. For the information of the committee all those papers were issued in a book form. The Committee met on 20th September under the presidency of Dr. B. Pattabhi Seetharamiah and passed the following resolution:

Proceedings of the Land Mortgage Bank Committee passed at its meeting held on 20th September, 1926.

I. A Rural Society as such should not be permitted to function as a Land Mortgage Bank.

II. Proper management being a matter of prime necessity, Primary Land Mortgage Banks with suitable Directorates should be formed.

III. The bylaws of existing Primary Land Mortgage Banks require revision under (1) increase in the amount of loans, (2) reduction of proportion of share capital to borrowings, (3) issue of Debentures by a central organisation, (4) matters relating to appointment of a trustee, (5) appointment of an officer charged with administration and audit as trustee, and (6) inspection by the Central Organisation.

IV. The rate of interest shall not exceed 9%.

V. The margin of difference between debenture rate and that for the borrower should not fall short of 3%.

VI. Central Banks may lend to individuals also, provided the rate is half per cent more than to members of primaries.

VII. The M.C.U.B. and Central Banks to float Debentures.

VIII. If the margin falls short of 3, it should be made good by Government.

(Sd.) B. Pattabhisitaramayya,
20-9-1926,
Presiding member.

Further views were received from the Hon'ble Mr. V. Ramadas, published as pamphlet No. 7 of the Madras Provincial Co-operative Union, from Rao Bahadur A. Vedachala Aiyar, published in the February Bulletin and in the Notes and Papers submitted to the XV Madras Provincial Co-operative Conference. The XV. session of the Conference is requested to consider the whole question and come to definite conclusions.

APPENDIX C.

Reserve Fund in Limited Societies.

Resolution No. XXV of the XIV Conference:—Section 33 of Act II of 1912 should be so amended as to prescribe the following scale for the distribution of the net profits of societies with shares and limited liability: 25 per cent of the net profits in any year shall be carried to the Reserve Fund until the accumulated total of such Reserve Fund amounts to 25 per cent of the paid-up share capital of the Society, 15 per cent of the net profits when the Reserve Fund exceeds 25 per cent of the paid-up share capital but not 50 per cent, 10 per cent of the net profits when the Reserve Fund exceeds 50 per cent of the paid-up share capital but not 75 per cent and 5 per cent of the net profits thereafter. Section 34 of the Act should also be amended in consequence.

The principle sought to be enunciated by the above resolution seems to me on the face of it to be erroneous. The recommendation of the Conference is sought to be made applicable to Societies with limited liability. One is unable to get behind the aim underlying this resolution. If it is that it is sought to enable certain limited liability societies to pay the maximum rate of dividend on share capital, then it is surely a step in the retrograde direction. The end and aim of the limited liability societies should be to increase their owned capital, Both the share capital and the reserve fund of a society are its owned capital, and it is upon the strength of this owned capital that a society can be permitted to borrow. Such being the case, one is unable to understand the import of this resolution. The Reserve Fund of a banking institution must be made to bear a definite proportion to the total liabilities of the Bank and not to its share capital. Even in joint stock banks when there is no statutory limitations with regard to the allocation of Reserve out of profits, it is found that additions are being made to Reserve Fund even in spite of the fact that the Reserve has grown much bigger in size to that of the share capital. As examples, the position of both the Chartered Bank and National Bank of India is brought to notice for consideration. Both the institutions have built up Reserve Funds much bigger than the capital and yet they are going on adding to their Reserve Fund. The Chartered Bank has a paid up capital of £ 30,00,000 and a reserve fund of £ 40,00,000. The National Bank has a paid up capital of £ 20,00,000 and a reserve fund of £ 28,50,000. Yet both these institutions have not cried 'halt' with regard to further additions to their Reserve Fund.

The Chairman presiding at the annual meeting of the Chartered Bank of India, Australia and China in reviewing the accounts for the year 1925 made the following observation:—" The Reserve Fund which now stands at £ 40,00,000 as compared with the capital of £ 30,00,000, the directors consider, is sufficiently large at the moment. But this does not mean that the policy of the Bank which has for many years past been that of building up reserves and adding to the great financial strength of the Bank will be appreciably altered."

When banking institutions of the size and strength of the Chartered Bank of India, Australia and China, which has been in existence for the last 73 years in the Banking world and has built a very large reserve, still consider it necessary to go on adding to the Reserve Fund, it is simply ridiculous that co-operative Banks should start a cry for the reduction of the allotment to Reserve even before they have built up a tangibly big Reserve. It is found that the limited liability societies (therein I include the Central Banks and the Provincial Bank also) have built up a Reserve Fund of 23·83 lakhs as against a share capital of 86·89 lakhs.

Co-operative Banks have not weathered any heavy storm and it is too early to think about reduction of the statutory allocation to the Reserve Fund. Further, the rule as sought to be altered will have to be made applicable to all societies registered on the limited liability basis. No difference is sought to be made between primary societies

on the limited liability basis, the Central Banks and the Provincial Bank; under the law, all are limited liability societies.

The Reserve Fund that has been built up in the central banks is so small when compared to their transactions that it would take a long time before they build up sufficient reserve worth the name. The amount of Reserve Fund now accumulated by the several Central Banks will not be able to stand the collapse of even a few societies in their area of operations.

Taking all the above points into consideration, I feel that it is too premature to ask for the amendment of Section 33 of Act II of 1912.

(SD.) V. C. RANGASWAMI.

FORMAL RESOLUTIONS.

Our Losses.

The following resolution was put from the chair and carried unanimously, all delegates standing:—

I "This Conference expresses its sorrow at the demise of Dewan Bahadur L. D. Swamikannu Pillai, of Rao Bahadur K. B. Ramanatha Iyer and of Neikarappatti Kuppusami Iyer and places on record its appreciation of the invaluable services rendered by them to the Co-operative Movement in the Province."

Reply to Messages and Greetings.

The following resolution also was put from the chair and carried unanimously.

II "This Conference records its high appreciation and gratitude to the Berar Central Co-operative Institute Ltd., Bihar and Orissa Co-operative Federation, Bengal Co-operative Organisation Society and Bombay Central Co-operative Institute, for sending fraternal greetings and messages to the Fifteenth Madras Provincial Co-operative Conference.

ANNOUNCEMENT OF SUB-COMMITTEES.

The Chairman then called on the Secretary to announce the names of the Sub-Committees and their Presidents. The following agenda for the different Sub-Committees as announced in the letter of invitation to the delegates, was read.

Committee I.—Will deal with the questions, raised under I, II and III, 1 to 4 under the heads of Consolidation and Expansion, Co-operative Education, and Co-ordination of functions respectively. As soon as the Committee meets, the President will announce three small Sub-Committees, Sub-Committee A to deal with (1) Questions in III 5 to 15, (2) action taken on the resolutions of the Conference of last year and (3) miscellaneous resolutions not coming under the scope of other Committees; Sub-Committee B to deal with report of the Committee on Land-Mortgage Banks and the questions raised under IV, and Sub-Committee C to deal with the improvement of Banking facilities, namely questions under VIII. These small Sub-Committees will formulate the resolutions and bring them before Committee I.

Committee II.—Agricultural Co-operation. Will deal with questions under V and the answers published in pages 39-46 under Part III of Notes and Papers submitted to the Conference.

Committee III:—Consumers', Industrial, Housing and Labour Co-operation—will deal with questions under VI and VII and answers published in pages 46-49 and Part IV of Notes and Papers submitted to the Conference.

Committee IV.—Rural Reconstruction.—Will deal with questions under IX and answers published in pages 52-55 of Part III in the Notes and Papers submitted to the Conference.

The Committees will meet at 5 P. M. on the 16th April, 7-30 A. M. on the 17th April and close their proceedings at 10 A. M. the same day, excepting Committee I which may meet on the night of the 17th April, if necessary. Delegates were informed that, as far as possible, copies of reports of Committees would be made available to them three hours in advance of the open sessions and any amendments which they would like to move might be sent to the office early before the sessions began.

The following names of Presidents of Committees were then announced by the Secretary:—

Committee I.—Mr. T. Adinarayana Chettiar, Bar-At-Law M. L. C.,
Committee II.—Rao Sahib A. Sethuramaiyer.
Committee III.—Mr. G. Srirambabu Naidu.
Committee IV.—Rev. H. C. Balasundaram.

The President then announced that the Conference would go into Committees and delegates who had already given their names to the several Committees would attend them and those who had not given their names might do so to the President of the Committee. At this stage, Mr. T. S. Anantharaman of Madras, and Mr. K. L. Narasimha Rao, on a point of order, questioned the nomination of Chairmen of the four Sub-Committees long before these Committees had been elected. Mr. Sivaswamy explained that in nominating the Chairmen they had simply followed a custom so that these Gentlemen might study the necessary literature and thus be in a position to answer questions that might be put to them by the members of the Sub-Committees.

The President said that in the circumstances explained, no purpose would be served by raising the point of order unless they had taken the necessary steps to alter the custom referred to.

AGRICULTURAL AND INDUSTRIAL EXHIBITION.

The President then announced that the Agricultural and Industries Departments have been kind enough to open two exhibition stalls and requested the delegates to attend them.

The following is a short report of the exhibitions. The Departments of Agriculture and Industries arranged through their section officers for an exhibition during the Conference. Two stalls were put up; one for Agriculture and another for Industries. Soaps from the Kerala Soap Institute, leather from the Leather Trade Institute, Madras, Inks from the Government Industrial Institute, sizing machine and a winding machine from the textile branch of the Industries Department were the various things exhibited at the Conference. Chrome, morocco, and boot skins, soaps and inks were much in requisition by the delegates.

In the agricultural section, different varieties of manures and implements as ploughs, improved water lifts with bullocks and pumps, processes of planting, pest attacks to plants and their cure, different varieties of paddy, cotton etc., were exhibited and explained by the staff of the Agricultural Department.

The President announced that the Sub-Committees would meet at 5-30 P. M., and the open Conference the next day at 12 noon. The Conference closed its proceedings for the day at 4-30 P. M.

PROCEEDINGS OF COMMITTEE I.

President:—**Mr. T. Adinarayana Chettiar Bar-a-tlaw M. L. C.**

16th April, I Session, 5-30 to 8 P. M.

The following is the list of members present at the Meeting.

1	Mr. R. Aiyakkutti Aiyengar	...	Kurnool Dt., Bank
2	„ C. Venkataramana Iyer	...	Chittoor „ Central Bank
3	„ O. Viswanatha Rao	...	Nellore Dt. Federation
4	„ M. Ramakrishna Rao	...	„ Audit Union

5 „ P. Ramanand ... South Kanara Central Co-op. Bank
6 „ Y. Sanjiva Rao ... South „ Dt. Council of Supervision
7 „ T. Srinivasa Rao ... Vice-President, Chittoor Dt. Bank and Secretary, P. C U.
8 „ M. S. Seshachalam Iyer ... Tiruvannamalai Union
9 „ E. S. Ganapathi Iyer ... Erode Urban Bank
10 „ V. Vaidyanatha Iyer ... Thiruthuraipundi Urban Bank
11 „ N. Satyanarayana ... Secretary, E. D. C. Federation
12 „ R. Natesan ... Co-op. Union, Arni, (North Arcot)
13 „ A. R. Munusamy Reddiar... President Co-op. Union, Arkonam
14 „ M. B. Rangasami Reddiar. Secretary, Co-op. „ Thandrampet
15 „ K. Sundara Rajan ... Tholasampatti Union
16 „ P. P. Sundaramiyer ... Dharmapuri Urban Bank
17 „ M. K. Pattabhiram ... Urban Bank Ltd., Tiruchengode
18 „ V. Murugesa Mudaliar ... Secy., Co-op C. Bank, Vellore
19 „ M. K. Radhakrishnaiyer ... Kulitalai Co-op. Union
20 „ S. Annathuraiaiyer ... Kulitalai Co-op. Land Mortgage Bank Ltd.
21 „ R. Mohanam ... President Co-op. Union, Kaveripauk, North Arcot District
22 „ V. Kandasami Mudaliar... Chettithangal Union, N. Arcot
23 „ C. S. Arunachala Mudr.... South Cheyyar Union N. A. Dt.
24 „ M. Narayanasami Mudr... Theniluppai Union N A. Dt.
25 „ S. R. Manicka Mudaliar. President Sembunarayanallcor Union
26 „ L. N. Doraisamiaiyer, ... Teachers and Wage Earners' C. S Ltd No. 2080, Lalgudi (Trichinopoly) Dt.
27 „ P. S. Chinnavenkataraja. H. A. R., Rajapalayam
28 „ S. Sandanamthevar ... Chattrappatti Weavers' Co-op. Society
29 „ K. S. Hiranya Rao ... Trichy Town Local Supervising Union
30 „ K. S. Sivaramaiyar ... Inspector, Govt. Ry Police, Calicut
31 „ S. Venkatarama Iyer ... Nangavaram C. C. S, Trichy Dt.
32 „ M. Sreeramurthy ... Vizagapatam Dt. Co-op. Federation
33 „ V. Subba Rao ... „ „ „ Banking Union Ltd., Vizianagaram
34 „ D. Vishnu Rao ... Viziavada Central Co-operative Banking Union, Ltd.Bezwada
35 „ C. S. Kohlhoff ... Tiruchendur Union
36 „ R. Ramachandraiyer ... Sankarapuram Supervising Union
37 „ B. Muthuvaratham Pillai. The Katpadi C. S. Union Ltd.
38 „ A. Rajabadhar Mudaliar. Central Bank, Conjeevaram
39 „ V. Narasinga Rao ... Nellore D. B. Union, Nellore
40 „ V. S. Santhanagopalakrishnan ... Erode C Union
41 „ A. Narayana Bhatt ... Harpanapalli Union, Bellary
42 „ R. Venkoba Rao ... Dt. Federation, Bellary
43 „ M. Venkoba Sastri ... Hospet Central Bank

44 „ L. Gangadhar Sastri. ... Anantapur District Federation
45 „ M. P. Govinda Menon ... Calicut, Malabar Dt. Bank
46 „ V. K. Menon ... Malabar Dt. Bank, Calicut
47 „ V. Krishnsami aiyer ... Secretary, Town Bank, Chittoor
48 „ E. V. Gopalasami aiyer. Hony. Secy., Trichnopoly Dt. Urban Bank
49 „ K. G. Ramakrishnan ... Erode Co-op. Stores
50 „ K. S. Chengalrayaiyer ... Krishnagiri Urban Co-operative Credit Society Ltd.
51 „ M. Varadaraja Mudaliar. Tiruvannamalai
52 „ M. Vasudeva Rao
53 „ Doraisami Gownder ... Vellore Union
54 „ R. V. Srinivasaiyengar ... Trichy Audit Union
55 „ P. Krishnaswami Sastri } Madura
56 „ N. Ramaswami aiyer }
57 „ P. Srinivasaragavaiyengar. Srirangam
58 „ T. Dorasamy Reddy ... Vediyangadu, Chittoor Dt.
59 „ T. S. Viswanatha Pillai ... Thiruvalangadu Union
60 „ T. J. Mohamed Ismail Sahib Urban Bank, Tindivanam
61 „ K. S Srinivasan ... Tanjore Central Co-operative Banking Union

Sir Lallubhai Samaldas and Mr. Hood, the Registrar, were also present on the occasion. The Joint Registrar and some of the Deputy Registrars also attended the meeting. The President of the Committee announced before going into the subjects, that 3 small sub-committees would be appointed to formulate resolutions and bring them before the Committee the next day evening. (a) Mr G. Sreenivasaraghavachariar was requested to collaborate with writers of notes and bring forward resolutions on questions III 5 to 15 in the questionnaire, action taken on the resolutions of last year, and resolutions not coming under the scope of other committees. (b) Messrs Vedachala Iyer and V. Ramadass were requested to formulate the resolution on land mortgage banks. (c) Mr. Venkoba Sastri was requested to bring the resolutions about the improvement of banking facilities. The President also announced that at the Informal Conference of Representatives of District Banks and District Federations held the previous day the various subjects written upon in the notes and papers have been reduced to a few questions of which copies had been distributed to the members of the Committee. He asked the permission of the Committee for restricting the subjects to those mentioned in the new agenda. The Committee agreeing to the proposal, the following subjects were taken up for discussion.

AGENDA

I. Responsibility of Central Banks to release funds for immediate work.

II. Nature of permanent agency for supervision—union supervisors and higher staff.

III. The nature of the District Agency to supervise the staff and its responsibility.

IV. Delegation of powers from Departmental Officers.

V. Whether and how the department should be reorganised in view of the added responsibilities of non-officials and the present difficulties experienced.

VI. Co-operative Training and Education:

1. Rural classes.

2. Advanced Training classes, selection of candidates, courses and certificates.

3. Funds for conducting the Classes.

VII. Consideration of subject IV mentioned in the precis—Facilities and conditions necessary for the utility and efficiency of rural societies.

VIII. Resolutions brought by Sub Committees A, B and C.

Subjects I, II and III. Non-official Staff, Training, Funds, Agency.

Dewan Bahadur R. Ramachandra Rao spoke on the immediate urgency of rectification and expansion work if the movement were to be saved from its present crisis. He appealed for "non-official reliance". The President then requested Sir Lallubhai Samaldas to address the Committee. Sir Lalubhai showed that the amount of recoveries was only 41 per cent, rot has set in the movement, and it was the duty of officials and non-officials to wipe out this rot and save the reputation of Madras. He appealed to the delegates whether they were prepared to under take the work of rectifying the defects in rural primary societies Sir Lalubhai then left the meeting as he had some engagements elsewhere.

The President then announeed that they might preferably meet in the open air and the committee agreeing, the place of meeting was shifted to the open grounds of the Madura College.

Dewan Bahadur R. Ramachandra Rao then moved the following resolution for the consideration of the Committee.

I. In view of the fact that the department has ceased to do inspection, supervision and expansion, the conference is of opinion that an adequate non-official machinery should be created to discharge these functions properly.

Such a machinery should consist of two classes of officers, one corresponding to the present grade of Union Supervisors whose duty will be to check accounts and examine if the bye-laws are properly applied, and another of a higher calibre to exercise intelligent supervision and expand on correct principles of co-operation and to carry on educative and propaganda work. The Union Supervisors should generally draw a salary of about Rs. 50 per month which should ultimately be met out of the rebates from primary sooieties and be trained in District Schools. The Higher Staff should consist of Inspectors paid from Rs. 50 to Rs. 150 per month according to local conditions and of about five or more hands per Revenue Taluk, should be adequately trained in a Co-operative Collegiate Insititution, which should be managed by the Provincial Co-operative Union, and the cost of which should be borne by the Government.

II. With a view to ultimately secure adequate funds for the purpose of resolution I, the conference is of opinion that, pending the recruitment of the required staff, special temporary steps be taken by District Banks and federations in all ways possible and for expenses for the same, the District Banks be required to provide a special consolidation fund by granting a rebate of eight annas for Rs. 100 of loans advanced. The Apex Bank be asked to renew in the next co-operative year the rebate it has granted this year.

Rao Babadur V. Murugasa Mudaliar then made a speech in Tamil opposing the proposal of Mr. R. Ramchandra Rao. He said that Mr. Ramachandra Rao was unpractical, the scheme of employing 5 or 6 for each taluk and expanding the transactions to 40 lakhs was theoretic and that all the schemes propounded by Chingleput and Chittoor were merely on paper. He also said that Mr. Ramachandra Rao was creating unnecessary alarm to the District Banks, the latter lent only to one-eighth of the net assets of members, and there was the safeguard of limited liability. The effect of his speeches would be withdrawal of deposits. Mr. Ramachandra Rao asked us to increase the borrowing power and the Registrar said 'No.' He wanted to employ more staff, but additional funds could not be discovered.

Mr. O. Viswanatha Rao of Nellore replied to the criticisms of Mr. Murugesa Mudaliar. He said that the criticisms levelled against Mr. Ramachandra Rao were quite unfair and that it would not do for this Committee to allow the criticisms to go unchallenged. He replied to the several points raised and appealed to the delegates to unanimously vote for the proposition of a lower and a higher staff.

The Hon'ble Mr. Ramadas supported the proposition.

Mr. Natesa Mudaliar of Arni said that if Unions did not work properly, what guarantee was there that district banks would succeed' with a special staff. This might be a trick to give employment to some hundreds of people. The result would be no better. The scheme might be tried at their cost. What was required was education of the societies for which district federations should employ supervisors.

Rao Bahadur A. Vedachala Iyer said that the proposals of Mr. Ramachandra Rao need not be accepted because he was a former Registrar. Neither his views need be accepted by the committee. Sufficient for them to be the camp followers in this big movement with only the opportunity to serve. They had to realise that 15 inspectors who were once available for the supervision of the societies have confined their work to mere audit in each district. Somebody should take the place of these inspectors. On the one side, there was surplus and on the other side unsatisfied credit needs. The question was whether district banks or district federations were to control the special staff which should be instituted in every district to take the place of the inspectors. Federations had no funds. The present proposal was only for those districts where the work could not be done otherwise than through district banks.

Mr. G. Sreenivasaraghavachariar supported the proposition.

Dewan Bahadur R. Ramachandra Rao replied to the several criticisms levelled against the proposition. He explained the position of the rural societies in a few districts. He explained the dangers in not filling up the void created by the withdrawal of the department from supervision and inspection. He appealed, on behalf of the voiceless millions, the duty that lies on us of making credit available to the ryots in villages. He asked whether it was wise policy to verify oneself under the safe-guard of one-eighth net assets without making the society sound and based on co-operative principles, which might of course get the money back in district banks but to the utter ruin of the ryot members. Rao Bahadur Mr. V. Murugesa Mudaliar on being permitted to explain his position after the speech of Mr. Ramachandra Rao. said that he did not mean anything by his remarks and he would be only too pleased to utilise the services of gentlemen like Ramachandra Rao and Vedachala Iyer.

Mr. Venkatasubbier of Srivilliputur and another delegate wanted to know whether the proposal was intended to put down the Unions. Mr. Ramachandra Rao explained the scheme and showed the idea was to improve and help the working of local unions. As it was very late, the Committee agreed to consider the question of agency for controlling the higher staff the next day morning, and the Chairman put the resolutions regarding the appointment and training of the staff and the provision of funds for the same to vote clause by clause.

Clause 1. In view of the fact that the department has ceased to do inspection, supervision and expansion, the conference is of opinion that an adequate non-official machinery should be created to discharge these functions properly. (*Unanimously Adopted*).

Clause 2. Such a machinery should consist of two classes of officers, one corresponding to the present grade of Union Supervisors whose duty will be to check accounts and examine if the bye-laws are properly applied, and another of a higher calibre to exercise intelligent supervision and expand on correct principles of co-operation and to carry on educative and propaganda work. (*Carried by an Overwhelming Majority.*)

Clause 3. The Union Supervisors should generally draw a salary of about Rs. 50 per month which should ultimately be met out of the rebates from primary societies and be trained in District Schools. (*Carried by an Overwhelming Majority*).

The Higher Staff should consist of Inspectors paid from Rs. 50 to Rs. 150 per month according to local conditions and of about five or more hands per Revenue Taluk, should be adequately trained in a Co-operative Collegiate Institution, which should be managed

by the Provincial Co-operative Union and the cost of which should be borne by the Government. (*Carried by an Overwhelming Majority*).

Clause 5. II. With a view to ultimately secure adequate funds for the purpose of resolution I, the conference is of opinion that pending the recruitment of the required staff, special temporary steps be taken in all ways possible and for expenses for the same, the District Banks be required to provide a special consolidation fund by granting a rebate of eight annas for Rs. 100 of loans advanced. The Apex Bank be asked to renew in the next co-operate year the rebate it has granted this year. (*Carried Unanimously*).

The President then announced that the Committee would again meet the next day morning at 7-30 A.M.

Committee I. II Session 7-30 a.m. 17th April

The first subject taken up for discussion was Subject VII in the Agenda relating to the conditions and facilities necessary for the efficiency of the rural society and its maximum utility.

Subject VII. Share Capital.

Mr. Sivaswamy proposed "that the minimum share capital collected from members shall not exceed 5 per cent., be collected in lump, be made non-withdrawable, and no dividend paid on the same."

Mr. Satyanarayana seconded the proposition.

Mr. Krishna Menon said that instead of saying 'shall not exceed 5 per cent' the words "shall not fall below" might be inserted. Mr. Gangadhara Sastry objected to the payment of share-capital in lump. Rao Bahadur A. Vedachala Iyer said that no hard and fast rule was necessary for the whole province, and societies should be left free to amend their bye-laws as was suitable to them.

Rao Bahadur Mr. Venkatachariar said that, with due respect to Mr. Ramachandra Rao, the principles of Raifeissen could not be followed wholesale and we should not suit our legs to the shoes. He also said that we followed a certain definite policy regarding share-capital, and it was no use making violent changes.

Dewan Bahadur R. Ramachandra Rao first explained two principles of which Raifeissen laid great emphasis in the management of rural societies. The one was no share capital; the second was no dividend. The Committee should not forget these two principles. The fixation of instalments and the amount of share-capital should vary according to the local conditions. He explained that the man who saved would hardly be a borrower, rich men should deposit money and get interest on the same. Share-capital was not intended as safe investment for rich men. He said that he was against share-capital, but it might be advisable to have it in certain local areas and local bodies alone should decide the question. He gave the example of East Godaveri where share-capital was acting as a bar against the credit service of the society. He finally said that these small questions might be considered in District Conferences. Mr. Sivaswamy replied to the criticisms.

Rao Sahib M. S. Seshachala Iyer proposed 2 per cent. instead of 5 per cent.

The amendment and the original proposition both were lost.

Agency for the control of the higher staff.

Mr. Ramachandra Rao then moved the following resolution in regard to the agency for the control of the higher staff.

" The Conference is of opinion that the functions of supervision, rectification, and inspection and the control of the higher staff be vested in consultation with the Registrar according to local conditions in the District Federation provided that the Central Bank is given adequate representation thereon, or the district bank, or a mixed Committee of both.

In moving the proposition, he said that when he was the Registrar, he had officially reported that the question of finance and supervision was solved in this presidency. He said that he then introduced the experiment of local supervising unions, and Central Banks then had only A class shares. Much water had since flown underneath, and the District Banks were largely controlled by local supervising unions. He said that he did not want two rival institutions. He also explained that district banks would contribute largely for supervision and their claim to control the staff could not be resisted. The President of the Conference was in favour of the proposal ; he also found that there was a large volume of opinion regarding the agency of district federations. He would therefore propose a compromise resolution that the condition of each district might be studied by the Registrar and either the District Banks or the District Federations or a small committee of both might undertake the work of controlling the higher staff.

Mr. Hood at this stage explained that the Joint Committee proposed was superfluous as the constitution of the federation provided for such a committee. Central Banks and individuals who were local gentlemen of importance were to be represented in the federation. Mr. Venkatarangachariar of Thiruturaipundi queried what should be the agency in districts where there were no district federations. A large number of delegates replied ' The Central Banks '.

Rao Saheb T. Sreenivasa Rao said that the statement of Mr. Hood that the Central Banks were already represented in the federation was not satisfactory to many. The question was, who should be in charge of consolidation ?

He said that educational and propaganda work should be in the hands of federations, and the business portion of the work, namely rectification, should be in charge of Central Banks.

The Hon'ble Mr. Ramadas gave general support to the proposition of Mr. Ramachandra Rao. He said that all compromises were bad but he could not give a better one. His personal view was that supervision and consolidation work should not be left in the hands of the bank. He should support the resolution of Mr. Ramachandra Rao as a workable compromise. He said that the idea of Mr. Ramachandra Rao that Central Banks paid for supervision laboured under a fallacy. The money for supervision was the difference between the borrowing and lending rates of interest and that there were intermediary agencies. He also said that there were two aspects of work in every Central Bank as a lender and as a borrower. But instead of going into all these principles, he would agree to the compromise resolution.

Rao Bahadur Mr. M. K. Venkatachariar said that every district required 2 institutions, one concerning itself with the business aspect, and the other with the co-operative aspect. He also said that there was enough scope in the bye-laws of District Banks for the directors to inspect the societies, examine overdue debts, and verify assets. He remarked that not even the Registrar could force a district federation to have a constitution which it did not like.

Mr. Venkoba Sastri of Bellary supported the resolution.

Rao Bahadur A. Vedachala Iyer said that whatever might be the agency that undertook supervision, the Central Banks should be in possession of all information, under all aspects so that they might guage the solvency of an institution. He also said that nothing done at the top should affect the autonomy of local unions.

Rao Sahib V. Krishnan Menon said that he did not think that there was much opposition to the proposal of Mr. Ramachahdra Rao. He explained how with the development of the movement there was the need to separate finance from supervision. The difficulty arose out of differences between Central Banks and District Federations. The proposal of Mr. Ramachandra Rao was the best solution.

Mr. Sivaswamy said that the resolution passed the previous day expressed two things. One was the aversion of the present crisis that might exist in certain districts owing to the withdrawal of the department from supervisory duties. The second was the provision of a permanent agency for controlling the work of the higher staff whose appointment was approved the previous day. He said that he would therefore prefer a compromise resolution, that any agency might undertake the work of rectifying existing societies, while the permanent agency to be in control of supervision and propaganda should be the district federation alone.

Mr. Venkasami Rao moved an amendment that the word 'joint committee' might be dropped.

Mr. Natesa Mudaliar proposed an amendment to the proposition that district federations should undertake the work provided they gave representation to Central Banks, and that in districts with no district federation a committee of the Central Bank and Unions should undertake the work.

Mr. Rajabadar Mudaliar remarked that the amendment did not cover districts like his, where central banks had no representation in the federation.

Mr. Venkasami Rao said that the Provincial Conference could only express an opinion, but the duty of changing the constitution consistently with the opinion of the conference lay on district co-operators and Mr. Rajabadar should educate his district constituency for changing the constitution of his disrtrict federation.

Rao Bahadur M. K. Venkatachariar gave notice of an amendment that the words "provided Central Banks are represented in district federations" should be deleted.

Mr. Sivaswami rose to a point of order whether we could go back upon a resolution passed last year in which the conference had expressed after due deliberation the view that Central Banks should have adequate representation in district federations.

The Chairman ruled that it was no point of order and that the Conference had every right to reconsider its own resolutions.

Mr. S. K. Yegnanarayana Iyer moved an amendment that the words 'in consultation with the Registrar' should be deleted as the committee was considering only a domestic question of the relationship that should exist between district banks and district federations, and there was no need to bring in an extraneous agency.

Mr. Venkasami Rau seconded the amendment.

The Chairman ruled it out of order as there was no reference to it in the amendment of Mr. Natesan. Mr. M. K. Venkatachari's amendment of excluding district banks from district federations was put to vote and lost.

Before the amendment of Mr. Natesan was put to vote, Mr. R. Ramachandra Rao replied to the criticisms levelled against his proposition. The question of agency had to be decided as it existed to-day and according to local conditions. His object was not to interfere. He appealed to the delegates not to leave the control of the higher staff in an indefinite manner. The amendment of Mr. Natesan was put to vote and carried, 48 for and 27 against.

The President then said that the amendment of Mr. Natesan would be the main resolution to be considered at the open Conference.

III. "This Conference is of opinion that the functions of supervision, rectification and expansion and the control of the higher staff be vested in the district federations provided that the district bank is represented in the federations or in a committee consisting of the district bank and local unions in places where there are no federations."

The President thereafter announced that the committee would again meet at 6 P. M. the same evening to consider the resolutions of Sub-Committees A, B and C.

Committee I. III Session. 17th April 6 P.M.

Committee I met again on the evening of the second day at 6 p.m. in the open ground of Madura College. The Chairman first asked the permission of the Committee to consider the question of the Reserve Bank Bill about which Mr. Ramadas has circulated a note to the Conference and Sir Lalubhai has referred in his presidential address. He also said that Mr. Gadur Ramachandra Rao has sent some resolutions signed by delegates. The Committee agreed to the consideration of both. The reports of Sub-committees A, B and C were then placed before the committee for consideration.

Sub-Committee A of Committee I.

Mr. G. Srinivasaraghvacharir who was requested by the President of Committee I on 16th April at 5-30 P.M. to meet the various writers of notes, formulate resolutions, and bring them before Committee I on the second day evening, did so for the consideration of Committee I, as arising out of the agenda which is given below.

AGENDA.

V. I. ANNUAL STOCK TAKING OF RURAL SOCIETIES (III. 5):

PART III.

Page 17. To be done by Unions or the administrative section of the District Bank, if the Union is inefficient.

(Mr. C. Ranganatha Aiyengar).

Page 30. Supposed to be done by the department. Should be taken up by the District Federation with the assistance of Local Unions.

(Rao Bahadur A. Vedachala Aiyer).

Page 32. Not done by Central Banks.

(Mr. G. Srinivasaraghavachariar).

Page 35. Can be better done by unions with more funds and staff.

(G. Venkatarengachariar).

Page 9. Administrative section to undertake it.

(Mr. A. Srinivasa Chariar).

In confusion—will evolve.

(Mr. V. Krishna Menon).

II. That this Conference resolves that all Urban Banks whose working Capital is above Rs 20,000 be incorporated to the Auditing Unions to be newly formed by the Madras Provincial Co-operative Union and be eliminated from the respective supervising unions concerned from the payment of Supervision Fund etc.

K. VAIDYANATHA MUDALIAR,
Secretary, Shiyali Co-operative Urban Bank Ltd.; Shiyali.

V. 2. SECTION 35 ENQUIRY : (III 6 TO 9):

PART III.

Page 3. Registrar to pass specific rules for the conduct of departmental officers in matters connected with the enquiry under sections 35 and 36 insisting on them to get through such enquiries within the shortest possible time.

(Mr. V. C. Rangaswami).

Pages 9, 10. If unions are slack, department should be requested to attend to rectification.

I am afraid any amount of resolutions of conferences in relation to the duties of the department will be of no avail in the absence of hearty co-operation by them.

(Mr. A. Srinivasa Chariar).

Page 17. Section 35 enquiry by non-official workers sometimes proves abortive owing to the unwillingness of the department to liquidate bad societies as easily as they have registered and started.

Page 17. A temporary award for the dues to the district bank may be given at once against the principal panchayatdars or other solvent members, and property connected attached till the whole proceedings come to a close.

District Bank can examine the conditions and make a report to the officer authorised to conduct such inquiries.

(Mr. C. Ranganatha Aiyengar).

Page 18. Financing banks to take up the enquiry.

(Mr. M. Venkoba Sastri).

Page 33. Central banks should therefore move Government at once to direct the Deputy Registrar as also the Joint Registrar over their heads to turn their attention to this neglected branch of work.

To see if Deputy Registrars perform this branch of work properly, they should be required to send a progress report every quarter to the Registrar who should submit to the Government a copy of his review thereon. The services of the newly appointed non-credit inspectors may well be utilised for these duties.

(Mr. G. Srinivasaraghavachariar).

To represent the slackness of enquiries to the Registrar.

(Mr. V. Krishna Menon).

V. 3. IMPROVEMENT IN AUDIT (III. II):

PART III.

(Vide last year's resolutions on concurrent audit of urban banks).

Page 10. Difficulty in getting copies of audit reports.

(Mr. A. Srinivasachariar).

Page 17. For rural societies the audit of supervisor is enough ; but for urban banks and other types of societies I should press auditors should be appointed by district federations, the expenditure to be met by some additional contributions from these societies and the District bank.

(Mr. C. Ranganatha Aiyengar).

Page 33. Audit inefficient.

(Mr. A. Vedachala Aiyer.)

Page 35. Greater promptitude and regularity essential in the conduct of audit.

(Mr. G. Venkatarangachariar.)

The audit done by Government, to my mind, is satisfactory. We can postpone the question of improvement of audit for the time being and conserve all our resources for work other than audit.

(Mr. V. Krishna Menon)

V-4. IMPROVEMENT IN THE PRESENT METHOD OF ARBITRATION.

PART III.

Reduce the number of arbitration cases as they are harmful.

(Mr. V. Krishna Menon).

The arbitrator is under the impression that the points under question 12 are not within his scope, but a better person should be appointed. Arbitration to be conducted at the headquarters of the societies. Wider scope to be given to the system of arbitration references by including even cases under Section 35 and 36.—Arbitration better than Civil Court. Delays in arbitration. The arbitrator provides the same period of repayment as stipulated in original bonds. In such cases, speedy recovery of loans is made impossible. Vide also resolutions —page 13, under part III.

(Mr. A. Srinivasachariar.)

Page 18. Arbitration better than Civil Court. Delay due to the departmental officer. Societies bear cost of summons and other charges. Honorary Assistant Registrars' or arbitrators' expenses borne by the Government or Unions.

(Mr. C. Ranganatha Aiyengar).

Page 18. If the arbitrator is connected with the union, the union will pay ; if not, the party or the Government will have to bear the charges of arbitration.

(Mr. M. Venkoba Sastri.)

Page 34. An Arbitrator should not be expected to do anything further than deciding a claim.—Arbitration better than civil courts—If the arbitrator is a union member, he takes his travelling allowance from the union; if an Hon. Assistant Registrar, the Government pays him; if any fee is levied, it is always included in the award and credited on realisation to the funds of the union or the plaintiff society.

(Mr. G. Srinivasaragbavachariar).

Page 35. No connection between disposal of arbitration cases and other matters referred to in the query.

No arbitration fee levied on the members after the introduction of Honorary Assistant Registrars.

(Mr. G. Venkatarangachariar.)

V.5 QUESTIONS ARISING OUT OF THE RESOLUTIONS OF THE CONFERENCE OF LAST YEAR:

IV. D.	Report of the extension enquiry committee.
XI.	Appointment of a Committee of Enquiry.
XIV.	Abolition of Administrative Inspectors.
XVII.	Levy of Profession tax.
XVIII.	Grant of loans to non-member depositors in urban banks.
XXI.	Execution of decrees.
XXIV.	A separate Registrar for Telugu Province.
XXV.	Reserve Fund of limited liability societies.
XXVI.	Miscellaneous resolutions given below.

Miscellaneous resolutions.

I

1. Resolved that in future a Sectional Conference be held for urban banks, stores and other non-credit urban societies.

2. Resolved that Urban Societies be allowed to finance smaller societies within its jurisdiction.

3. Resolved that the privilege of advancing loans on members' deposits be extended to Urban Banks.

E. S. GANAPATHY IYER,
(President), Erode Urban Bank.

II

1. That this Provincial Conference resolves to request the Registrar of Co-operative Societies to address the Inspector-General of Registration to exempt all Urban Banks and other Limited Liability Societies from payment of Stamp Duty when documents (mortgage and others) are executed to the Bank on its members' behalf and on behalf of minors included as Guardians in the execution of the Document.

R. VAIDHYANATHA MUDALIAR,
Secretary, Shiyali Co-operative Urban Bank Ltd., Shiyali.

III

1. This Conference requests the Director of Public Instruction to issue a general order permitting the teachers of Primary and Secondary schools (Board or Municipal) to take part in the Co-operative movement as Directors of societies with or without remuneration.

2. That the Government be requested to recommend the investment of Taluk Local Board and Municipal funds in such co-operative Urban Banks as are approved by the Registrar to the extent of their share capital and Reserve Fund.

3. The Conference recommends that central banks should allow interest at least at 7 per cent on reserve funds invested in them.

4. The Conference requests the Government to permit urban bank to admit and grant loans to depositors on the security of their deposits without reference to their residence in the area of operations of such banks.

5. This Conference requests the Government to permit societies to grant loans to non-members on the securing of their deposits as in the case of District Banks.

K. S. CHENGALVARAYA IYER,
Assistant Secretary,
Krishnagiri Urban Co-operative Society, Krishnagiri.

IV

"Resolved that the Secretary is authorised to address a letter to the conference proposing that extracts from Municipal Registers should be given free of charge to Co-operative Societies."

You know, Sir, that the co-operative societies when granting loans on the security of lands and houses, get a thorough search made in the Registrars' offices for any prior encumbrances that might have been made. It is only after being fully satisfied that the property is fully unencumbered that loans are granted to applicants. The Government have permitted the co-operative society to get these search certificates free of cost.

Now, whenever a search certificate is asked for, the Registration department requires that the applicant should furnish the full description of the house and the number or other distinguishing mark given to it by the authorities to enable them to make the search readily. The usual practice adopted in these parts is to ask the applicant for the loan to give the necessary particulars. There is no knowing that these particulars are quite correct. To ensure safety, it would be better if extracts from Municipal registers showing the changes in the numbers etc., are officially obtained. The purpose of the resolution now sent to you is that the Government should be requested to pass a Government Order authorising the municipalities to furnish such extracts on application by the co-operative societies free of all costs.

K. KESAVA RAO,
Secretary,
Bellary Town Co-operative Society.

V

Copy of a letter forwarded by Mr. V. L. Mehta from the Bombay Provincial Co-operative Institute to the XV. Session of the Madras Provincial Conference.

I am sending herewith copies of the correspondence about railway companies about the concession to our delegates to our Conference and also about other concessions.

Unfortunately we have failed in our efforts. You will see from the attached printed papers that concessions are given to important persons and bodies while they are refused in the case of the Association of Agriculturists, the main population of India who are mainly the chief customers of railways.

As Sir Lallubhai is going to preside over the Madras Provincial Co-operative Conference at Madura next month, I request that you may please request him on our behalf to get a resolution passed about these concessions in that Conference. Such a resolution passed in various Conferences will be a help on this All-India question and we are likely to succeed.

I am sending shortly the copy of the letter which the Registrar has addressed in 1926 to various railways on this very subject but that he also did not succeed owing to war conditions. As we are not strong, railways deal with us in this way.

Your sincerely,
RAJADNYA.

Resolutions brought by Sub-Committee A before Committee I on the second day at 7 p. m.

That the department be requested to take such steps as are necessary for the speedy completion of enquiries under Sec. 35 and of liquidation proceedings by entrusting the work to Deputy Registrars. To see if the Deputy Registrars perform this branch of work properly, they should be required to send a progress report every quarter to the Registrar who should submit to the Government a copy of the review thereon. The services of the newly appointed non-credit inspectors may well be utilised for these duties.

(2) That the interim audit of Urban Banks and other Limited Liability Societies be undertaken by the District Federation by employing the necessary qualified staff approved by the Registrar.

(3) That this Conference, while requesting societies to restrict the number of decrees to be executed through the Revenue Department to the lowest possible limit, urges on Government to completely remove the restriction in regard to specially bad societies and societies under liquidation.

(4) A resolution to urge the Committee of Enquiry.

(5) Railway Concessions for Conferences.

(6) Sectional conferences of urban societies. Other questions arising out of the agenda may be considered by the Provincial Union and Bankers' Conference and necessary action taken on the same.

At the request of Mr. R. Ramachandra Rau, Mr. G. Srinivasaraghavachariar consented to have the resolutions considered in the Provincial Union and not to press them at the Conference. It was agreed that the three resolutions regarding Committee of Enquiry and Railway Concessions for Conferences, and sectional conferences of urban banks might be considered at the meeting of Committee I.

Sub-Committee B of Committee I—Land Mortgage Banks

As soon as Committee I met on the first day at 5-30 p. m. its President requested the Hon. Mr. V. Ramadas and Rao Bahadur A. Vedachalayar to formulate the resolution about land mortgage banks in consultation with Rao Sahib K. Devasikamany Mudaliar and bring it for the consideration of this committee next day evening. Messrs. Ramadas and Vedachalayar explained the constitution for the new central financing bank and other features connected with the scheme at the Committee meeting on the second day evening and as the resolution was not ready for consideration, they were requested by Committee I to bring the resolution before the open conference.

The following is the resolution brought before the open Conference :—

1. This Conference is of opinion that until a suitable scheme is evolved, more primary Land Mortgage Banks of the existing type introduced by Government be started and that a Land Mortgage Central Financing Bank be established at Madras composed of the said Primary Banks and other co-operative societies as well as individuals as shareholders.

2. The capital of the Bank shall be 3 lakhs of rupees, of which individuals shall be allotted shares to the value not exceeding 50 per cent of the total number.

3. The borrowing power of the Bank shall be 25 times the paid-up share capital and the reserve fund.

4. The debentures shall issue on the security of the bonds of mortgage of immovable property to the full value of the interests of co-operative societies in such bonds.

5. The period of the debentures shall be 25 to 30 years.

6. The debentures shall get extinguished as collections get in, in the absence of safe investments, such as investments in Central financing Banks for short periods without loss of interst, and so as to be within the competence of the Central Bank to repay within the specified period.

7. The rate of interest on debentures shall not exceed six per cent and the lending rate to societies shall not exceed seven per cent and the lending rate by the societies to the members shall not exceed eight per cent.

8. The period for which mortgage loans may be given shall be 20 to 30 years.

9. Dividend and share capital shall not exceed seven and a half per cent during the first six years and shall not exceed five per cent thereafter.

10. The Central Financing Bank shall not lend to anyone except to a Co-operative Society.

11. The Primary Bank should not lend more than 40 per cent of the market value of the securities.

12. The Financing Bank shall not receive short term deposits.

13. Management to vest in the Provincial Bank.

II. A Committee consisting of Messrs. V. Ramadas, A. Vedachala Aiyar, and R. Ramachandra Rao, will draft suitable by-laws and will act as promoters of the Financing Bank in contemplation in consultation with the Registrar of Co-operation.

Sub-Committee C of Committee I.—Banking facilities.

The President of Committee I requested the contributors of Notes on the subject of Banking Facilities, to draft a resolution on the same and bring it the next day for discussion at the meeting. As Mr. Venkoba Sastri alone was present, he drafted the following resolution on the subject for consideration the next day at the Committee meeting. "Resolved to request the Madras Central Urban Bank to introduce (if necessary, in consultation and with the aid of the present chain of Co-operative Banks) and popularize banking facilities such as opening current accounts, transfer of funds of trade bills, etc."

In the absence of Mr. Venkoba Sastri, Mr. Gangadhara Sastri moved the resolution and at the request of the President, the resolution was withdrawn.

RESERVE BANK BILL.

Mr. Ramadas circulated a note on the Reserve Bank bill which is published below and the following resolution on the bill formulated by him was adopted for the consideration of the conference.

IV. This Conference views with grave apprehension the omission of Co-operative Banks from the scope and operation of the Reserve Bank Bill and requests the Government to include within the list of scheduled Banks, the Provincial Bank and such other Co-operative Banks as may satisfy prescribed conditions, to exempt such Co-operative Banks from the obligation of maintaining the minimum balances referred to in Section 41 (1), to ensure the continuance of the present financial facilities offered by the Imperial Bank to Co-operative Banks, to include the land mortgage debentures in the category of securities which the Reserve Bank may sell, purchase or re-discount, and to afford other facilities for rural agricultural finance being conducted preferably by Co-operative Banks.

THE GOLD STANDARD CURRENCY & RESERVE BANK BILL AND CO-OPERATIVE BANKS

BY THE HONOURABLE MR. V. RAMADAS,
President, The Madras Central Urban Bank, Ltd., Madras.

Scope of the Note.

The Bill is the outcome of the recommendations of the Royal Commission on Indian Currency and Finance for the establishment of a Gold Standard for India and for constituting a Reserve Bank for India to control the working of that standard. The Bank is conceived as a Bank of the Bankers and of the State. It functions in two separate and distinct departments called "The Banking Department" which carries on its general banking business and "The Issue Department" which carries on the business of issuing bank notes. The kinds of business which the Bank may do and which it may not do are set out in the Bill. The question how far the scheme embodied in the Bill is calculated to promote the economic development of the country, improve banking facilities and safeguard the interests of the public will be discussed in a separate note. The purpose of this note is merely to examine how the Bill will affect co-operative banks and the movement in general.

Co-operative Banks excluded.

The bill virtually excludes co-operative banks from the scope of its operations. Sections 14 and 41 read with the first schedule abundantly make it clear that the Reserve Bank shall have dealing only with those Exchange, Commercial or Joint Stock Banks detailed in the schedule, either directly or through the Imperial Bank, which is to be constituted the Agent of the Reserve Bank. The financing of agricultural operations and the movement and marketing of crops referred to in Section 14, Clause 4 (*e*), relates only to operations of scheduled banks (Co-operative Banks are not in the schedule). Moreover, the condition of advance under this clause is that the pronote should be supported by documents giving title to goods—a condition which practically excludes the bulk of co-operative credit transactions. Section 14 clause 2 (*b*) permits the purchase, sale and re-discount of bills of exchange and promissory notes bearing two or more good signatures one of which shall be that of a bank, drawn or issued for the purpose of financing seasonal agricultural operations or the marketing of the crops and maturing within six months from the date of such purchase or re-discount. The word "Bank" in the sub-clause may include a co-operative bank; but having regard to the magnitude, duration and other characteristic features of co-operative banking transactions, the credit facilities afforded by this clause to the agriculturists through the medium of co-operative banks may be said to be negligible. It may therefore be asserted with perfect accuracy that co-operative banks are excluded from the scope and operation of the Bill. In fact, Sir Basil Blackett stated in the Legislative Assembly that it was impossible to bring co-operative banks within the Bill because of the peculiar nature of the business transacted by the Co-operative Banks.

It is true that co-operative credit, specially the rural variety, is beset with numerous complications which ordinary money lenders or Joint Stock Banks will not be prepared to face. It is also true that co-operative banks may not be able to discharge some of the obligations imposed by the Bill upon the constituent banks. For instance, Section 41 (1) requires that the constituent banks which deal with the Reserve Bank should maintain minimum balance with that bank equal to 7½ per cent of demand liabilities, that is, call money and 2½ per cent of time liabilities, that is, fixed deposits. These balances will not carry any interest and will therefore be difficult for the co-operative banks to part with.

Plea for inclusion of Co-operative Banks.

Notwithstanding these obstacles in the way of Co-operative Banks being included in the list of Banks entitled to deal with the Reserve Bank, their claim to be so included requires serious consideration. If the question of relieving agricultural indebtedness is to be seriously tackled, if the State is to discharge its duty properly to the cultivator by providing capital for agricultural industry which is the mainstay of India and by preventing the economic deterioration of the soil from which it draws the bulk of its revenues, and if the problems of national rebuilding are to be really solved, the State cannot ignore the question of agricultural and co-operative finance altogether and refuse to find a place for it in its new scheme of banking. The Co-operative Banks have attained unquestioned popularity and assured status in the monitory world. It is becoming increasingly clear that much of the potential capital in the country which has been very shy hitherto is coming out into these banks and is being turned on to reproductive purposes as social capital. The Co-operative Banks will soon find themselves unable to absorb available resources and adequately serve the needs of agriculture and trade, unless they enlarge the scope of their activities. They will soon embark on the business of encashment of trade bills and creating facilities for transference of funds from one part of the country to another. In view therefore of their present position in the Banking-World as well as their prospective growth, the question of their inclusion in the bill deserves serious consideration.

I shall now proceed to indicate the immediate effects of non-inclusion of co-operative banks in the Bill and to formulate a few definite proposals regarding the directions in which the Co-operative Movement may claim assistance from the newly contemplated Bank.

Two possible effects of the bill on Co-operative Finance.

(a) The Bill, while it excludes Co-operative Banks from its scope, makes provision for the financing of agricultural operations and marketing of crops by Commercial and Joint Stock Banks. This will result in capitalist Banks and close banking concerns being afforded facilities for exploiting the agriculturist's credit needs. The efforts which Co-operative Banks have been making to relieve the agriculturists from the thraldom of the usurious money lender will be largely frustrated by these new profit-earning agencies. The banks which are supported by the State aided Reserve Bank are sure to take full advantage of the new facilities afforded to them. This is a matter which demands the close attention of Co-operators.

(b) The Imperial Bank assumed in the past certain responsibilities for financing the co-operative movement on certain conditions, under the guidance and inspiration of Government which is pledged to promote the movement. The resolutions of the Conferences of Registrars and Provincial Banks urged upon the Government the need for the further extension of assistance rendered by the State aided Bank in the interests of the movement. Now that the control which the Government can exercise over the Imperial Bank will be greatly relaxed and many of the restrictions hitherto placed on the Imperial Bank's freedom to function as an ordinary Banking concern will be removed as a consequence of its ceasing to be the sole repository of Government Funds, a new situation will arise regarding the relations between the Co-operative Banks and the Imperial Bank. Even if the Imperial Bank continues to allow existing cash credits and other facilities to Co-operative Banks, which is itself doubtful, there is no guarantee that it will do so on the present terms. It may easily impose more onerous terms and the Government will not be in a position to intervene. The other Joint Stock Banks which depend upon the Reserve Bank for the help can hardly be expected to be more accommodating than the Imperial Bank. So under the new banking regime, the Co-operative Banks will be decidedly in a disadvantageous position.

Demands of Co-operators.

The position as stated above seems to me to call for our safeguarding the movement by insisting on some form of assistance being rendered to Co-operative Banks by the Reserve Bank. I shall enumerate a few of the facilities for which we may legitimately agitate. The list is not intended to be exhaustive. It is also not intended that we should ask for all the forms of help detailed therein. Some practical suggestions that occurred to me are noted so that the more suitable of them may be adopted or fresh alternatives may be suggested.

(i) The inclusion, in the first schedule of the Bill of Provincial Co-operative Banks and in areas where there are no such banks, other co-operative banks which satisfy prescribed standards. When an All-India Apex Bank is founded, it should of course be included. The inclusion of Co-operative Banks should be supplemented by a provision exempting them from the liability to maintain with the Reserve Bank balances, without interest, under Section 41(1). No co-operative Bank can afford to lose interest on such large balances without putting up its own lending rate of interest to agriculturists to make up the loss—a process which will defeat the very object of the Co-operative Bank. Moreover, Government insists on all Co-operative Banks maintaining sufficient fluid resources in accordance with prescribed standards and the exemption will not therefore lead to any untoward consequences. The benefits conferred by the Co-operative Banks on the nation by affording cheap and productive rural credit should entitle them to be exempted from their return obligations to the Reserve Bank in the matter of maintaining the balances.

(ii) The business of discounting bills of exchange or granting loans and cash credits for financing agricultural operations should be done preferably, if not solely, through the Co-operative Banks.

(iii) The agreement of agency between the Reserve Bank and the Imperial Bank should contain a clause for the enforcement of the concessions and facilities granted to Co-operative Banks by the Government.

(iv) Debentures of Land Mortgage Banks should be included in the category of securities which the Reserve Bank may sell, purchase or re-discount or against which it may make advances.

(v) The Bill may provide for approved Co-operative Central Banks situated in moffusil centres of trade and agriculture, where the Imperial Bank has not opened its branches or is not likely to do so, being recognised as agencies fit to be entrusted with the management of local sub-treasuries in selected areas. The Imperial Bank is only under a statutory obligation to increase its branches to the maximum number of 100. Its policy has been one of encouraging foreign trade by establishing branches in coastal towns or in inland centres which open up profitable markets with the coast. Development of Indian trade in the interior is, if at all, a remote object of that bank. The number of districts in India is over 250 so that not even one half of the district headquarters are served by the Imperial Bank. There are good Co-operative Central Banks in most District Headquarters and if they are encouraged, they will pull up to any required standard.

(vi) The Bill may make specific provision for the Reserve Bank and its Agent, the Imperial Bank, financing the Co operative Banks on special and favourable terms such as the following :—

(*a*) Long term loans for periods of over 12 months on the pronote or bond of a Provincial Bank with fixed instalments for repayment at Bank rate.

(*b*) Short term loans on pronotes at 1 per cent. below the Bank rate for periods of 12 months and under.

It is hoped that Co-operators and Co-operative Institutions will bestow serious attention on the vital question involved in the Bill, so far at least as they affect the movement and ventilate their opinion, so as to make them available to the Select Committee which will shortly sit over the Bill and the connected Bill to amend the Imperial Bank Act.

I

THE RESERVE BANK BILL AND INDIGENOUS BANKING,

By the Hon'ble V. Ramadas Pantulu,

President, Madras Central Urban Bank, Ltd.

The fundamental idea underlying the Bill, namely, the reform of the Currency and credit systems of the country, by combining in the proposed Reserve Bank both the Currency and Credit control, is a sound one, if it is carried out in the true interests of the country. The realisation of this ambition and the extent of the beneficial effects of the measure will however depend partly upon the constitution and functions of the Reserve Bank and partly upon the spirit in which the new Banking scheme is worked. The Official spokesmen on any Government measure can always attempt with a show of reason to silence opposition by confronting their opponents with arguments founded upon the theoretical possibilities of the measure. But the wearer alone knows where the shoe pinches, and the people to whom the measures are applied can alone testify to the wide divergence between professed intentions and actual effects of a measure. Similarly in this case also it may be easy for the financial pundits of the Government of India to attempt to refute Indian criticism of the Bill by exaggerating the theoretical virtues of its provisions. It will thus become necessary for us to subject the provisions of the Bill to a searching and close scrutiny from the standpoint of their practical effects, with a view to ascertain exactly how far they are calculated to encourage indigenous banking and develop Indian trade and commerce. My purpose however is to examine the provisions of the Bill from the viewpoint of a *co-operator*, rather than of one concerned with their general bearing on banking and trade facilities. Nevertheless, the manner in which the Bill affects the Indian Banking concerns and reacts on indigenous trade and commerce has a material bearing on problems connected with agricultural finance and rural credits as well, with which no doubt co-operators are more directly concerned. I therefore wish just to mention one or two broad features of the Bill on its banking side, with a view to find out whether there is evidence in the Bill of a genuine desire on the part of the Government to promote Indian interests, be they urban or rural.

The constitution of the Bank is a clever piece of patch work. The provisions of various Bank Acts are so pieced together as to secure for the Reserve Bank and its accredited agent, the Imperial Bank, a position of a maximum possible advantage in the Banking system of the country. Like the Bank of England, it is proposed to constitute it on a joint stock basis with all its advantages and as under the Federal Reserve Banks

Act, it is proposed to place at its disposal large balances of the member banks without interest. But when it comes to the question of obligations or limitations of powers and functions, it is a different story. Neither Act is copied. The result is that by various devices the Reserve Bank and its Agent, the Imperial Bank, have secured under the Bill a predominant position and a large monopoly in Banking. If however the position thus secured is to be used for the development of banking, trade and commerce of this country, it may be justified. Will it be so used? The Reserve Bank is no doubt expected to function as a Bank for Bankers and the State. But the provisions of the Bill (vide clauses 14 and 15) permit it to do a large volume of ordinary commercial banking business for the benefit of its shareholders, in competition with other joint stock banks. What this competition means can be realised when we remember that the Bank will have at its disposal huge sums of money on which it does not pay any interest. Besides being the repository of the Goverment's treasury balances, it will have with it balances of its member banks to the tune of $7\frac{1}{2}$ per cent of the demand liabilities and $2\frac{1}{2}$ per cent of the time liabilities of those banks. These Bank balances alone amount to 7 to 9 crores. The provisions permitting the Reserve Bank to transact commercial business are very likely to be availed of, because the shareholders of the Bank earn profits in the usual way. It is essentially an inequitable arrangement by which the shareholders of the Reserve Bank should share in profits derived by currency transactions and utilisation of the moneys of the people (Treasury balances deposited by the State) and of other banks, which cost nothing to the Reserve Bank. The Government is no doubt entitled to the allocation of a share of the surplus profits of the Bank after payment of a prescribed dividend (vide section 43), but that fact alone does not obviate the injustice of the arrangement. The conditions under which the Imperial Bank of India is constituted the Agent of the Reserve Bank give the finishing touches to this scheme of competition by State-aided Banks with other Banks.

The Imperial Bank which acts as the accredited agent of the Reserve Bank is given such a predominant position in the Scheme as to make it a formidable rival to other Banks. It will be allotted 30 per cent of the share capital of the Reserve Bank with all its resultant benefits. It will be liberated from the restrictions placed on its normal commercial activities by the present Imperial Bank Act and will acquire considerable freedom to carry on profitable banking business. It will be supplied with large sums of money free of cost. Out of the member banks' balances with the Reserve Bank it will receive 3 crores besides other large sums from Government Treasury Balances. It will earn a very handsome commission for dealings carried on with the money of the Government and other banks thus placed at its disposal. It will have its position assured for the next quarter of a century. In the normal course, the operation of the Imperial Bank Act ceases in 4 years, with the year 1931. Now the Bill gives a statutory guarantee of 25 years' agency. It will be but lightly affected by the statutory obligation to maintain balances with the Reserve Bank. Its probable deposits with the Reserve Bank being approximately 370 lakhs, the loss of interest thereon will be $18\frac{1}{2}$ lakhs at 5 per cent. But it gets back 300 lakhs from the Reserve Bank out of the deposits of member Banks and the interest it earns thereon at the same rate will be 15 lakhs. So its net loss will be $3\frac{1}{2}$ lakhs on this head. This is an insignificant factor in view of the very large amount of "good lying" deposit money to rely upon, which is brought to it by the Reserve Bank and the Government.

The position of the other banks, specially the indigenous banks, under the Bill is not very encouraging. Twentysix banks are mentioned in the first schedule of the Bill as the member banks having dealings with the Reserve Bank. Of these 26 banks, only 6 are Indian concerns, and 7 if we include the Imperial Bank in the category. There are several other Indian Banks which ought to have been included. The six which are in the Schedule are (1) The Allahabad Bank, (2) The Bank of Baroda, (3) The Central Bank, (4) The Bank of India, (5) The Indian Bank, and (6) The Punjab National Bank.

The obligation to maintain minimum balances without its full corresponding rights will prove in practice a serious handicap to these indigenous banks. The demand liabilities of these 6 Banks are roughly 20 crores and their time liabilities 30 crores. So, $7\frac{1}{2}$ per cent of the former and $2\frac{1}{2}$ per cent of the latter prescribed by the Bill amount to $2\frac{1}{4}$ crores. This amount will have to be deposited. The interest thereon at 5 per cent will be 11 lakhs and this sum represents 20 per cent of their actual net profits. A loss of 20 per cent of the profits annually is a serious handicap. Again, these banks will have to maintain without earning interest fluid balances, as till money to the extent of roughly 15 per cent of their liabilities, to meet them from day to day, unlike the Imperial Bank which has large sums of money of the Government and other Banks in its vaults. In the matter of facilities for expanding their business by developing branches, they do not receive any encouragement as the Imperial Bank received in the past and might receive in future. Although the constituent banks are subjected to these obligations on the analogy of the Federal Reserve Banks system, the advantages secured by that system to the member banks are denied to the banks under the Bill. These are not offered adequate share-capital, representation on the directorate, equitable treatment between them *inter se* and freedom from unequal competition.

The Provisions of the Bill relating to the accumulation and utilisation of the Gold Standard and Paper Currency reserves are also disappointing and unsatisfactory. Very little improvement can be discovered in the policy of the Government of India with regard to these reserves. The Government do not seem to have realised the unfairness of investing India's money reserves in England and elsewhere while the people of India are starving for money. No genuine effort is made to utilise the reserves to build up a modern credit system for the people and "to make the reserves yield vast sums of credit money which only await the creation of a banking channel to flow out and fertilize the country." Is there any other country in which such reserves are diverted for purposes other than those in which the ryot, from whose labours they are built up, is vitally interested? Is there no means of making the Reserve Bank so work the reserves, on banking principles, as to create sound credit money, sufficient to finance the credit needs of the ryot? In an illuminating paper contributed by Sir D. M. Hamilton on the subject, in February last, he clearly pointed out how the Reserve Bank could be utilised for the purpose. He illustrated his proposals by means of tables which will repay perusal. His plea for the ryot is irresistible when he says that "the trade balance which accumulated in these reserves has its source, chiefly, in the fields of the ryot. It is part of the sale proceeds of his crops. The ryot has, therefore, the first claim to the money, and the Government is in honour bound to link the ryot on to his own, in the only way he can be linked, that is, by pressing on with the development of the Co-operative Credit Movement to its natural evolution in the proposed All-India Bank."

II

RESERVE BANK AND RURAL CREDIT

BY THE HON'BLE V. RAMADAS PANTULU,

President, Madras Central Urban Bank, Ltd.

The gravest defect in the constitution of the Reserve Bank, from the standpoint of Rural India, is its utter neglect of the claims of the villagers who constitute 73 per cent of the population, who pursue the chief occupation of the country, who produce the agricultural wealth of the land and who create our trade balances. The poverty of the Indian ryot is proverbial. Even according to the lowest official computation, our rural indebtedness is roughly 600 crores and that of the Province of Madras alone is in the neighbourhood of 100 crores. The debt is increasing year after year. The rural economic problem is moving in a vicious circle. Chronic poverty of the ryot leads to low agricultural production and the latter in its turn leads to increased poverty. Low agricultural production leads to very distressing economic factors. *Firstly*, 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. *Secondly*, the unit of produce obtained from land in India is less than the unit of produce got from an equal area of land in many other countries. *Thirdly*, the quality of our agricultural produce is very low in comparison with those of other countries and consequently they either do not find a market or fetch unremunerative prices. Any scheme therefore for the economic development of India by means of a Banking System, which does not extend its direct benefits to the agriculturist, cannot be a sound one With an economically crippled and impoverished ryot, there is no scope for any material progress in this Country.

Nevertheless, the Bill as it stands at present excludes from its scope any scheme of rural credit. The Reserve Bank may merely cash a little agricultural six month paper. Even in this respect, it is the Joint Stock Banks, whose aim is to make profits and earn dividends, that are privileged to exploit the credit needs of the villager who has been struggling to release himself from the grip of the money lenders with the aid of Co-operative Organisations. These institutions which have been making an honest effort to give a lifting hand to the ryot who is sunk in poverty and distress, instead of benefiting by the New Banking Scheme seem to receive a setback. Co-operative Banks have hitherto enjoyed certain credit facilities and assistance from the State-aided Imperial Bank by the good offices and at the instance of the Government. The new regime seems to threaten us with the cessation of even these facilities. With the transfer of State aid and patronage from the Imperial Bank to the Reserve Bank, the former will necessarily secure a large measure of freedom from Government control and the restrictions hitherto placed on its normal commercial Banking activities will be substantially relaxed. So, it is more than problematical whether the Imperial Bank will adhere to its past commitments to Co-operative Banks and whether, even if it does, it will do so on existing terms and without imposing more onerous conditions. The Government will no longer be in a position to interfere with the discretion of the Imperial Bank. It is therefore a matter for real regret that neither the Royal Commission on Indian Finance nor the Bill which is the outcome of the Report of that Commission, took any note of the duty of the State to make provision for the redemption of the agricultural indebtedness, or of the claims of the Co-operative organisations, which have been labouring in the field of rural development, to the benefits of the New Banking Scheme. These Peoples' Banks are not a negligible factor in the Indian Banking World. They are spread all over India and have their places of business which are inaccessible to capitalistic Joint Stock Banks. Their working capital is over 50 crores. In the Province of Madras alone, it is nearly 6½ crores. They command the confidence of the public and are able to attract much potential capital at uncompetitive rates of interest for being turned on to reproductive purposes so essential for rural reconstruction. It is a grievous blunder to discourage them.

An impression seems to have been created that a scheme of rural credit cannot be made to fit into the framework of the Reserve Bank and that Co-operative organisations cannot be assigned a rightful place within the four corners of the Bill. No doubt, Sir Basil Blackett said that, having regard to the peculiar character of the transactions carried on by Co-operative Financial agencies, it would not be possible to bring them within the operation of the Bill. This difficulty does not appear to be insuperable or insoluble. In order to solve it however, we must divert our attention from the Banking systems of predominatingly commercial countries like England which seem to furnish the model to us, and to turn for guidance and inspiration to the activities of the Governments of countries which are preponderatingly agricultural. It is up to us therefore to see how some of the self-governing parts of the British Empire whose chief industry is agriculture, whose problems of rural credit are analogous to those of India and whose economic life, therefore, affords a near parallel to that of our own, solved the problems of agricultural finance through their Banking systems. An examination of a few of those systems will convince us that it is quite possible to find an integral place in the constitution of our Reserve Bank for a Rural Credit Department.

Ireland. The attitude of the Irish Banking Commission, whose report also has been published very recently, is refreshingly in marked contrast with that of the Indian Commission in this matter. The conclusions of the Irish Commission have a special value for us as agriculture occupies an equally prominent position in Ireland and India. The Irish Commission says, "If agriculture be regarded as representing 80 per cent of the material interests of the Free State, other forms of business are relatively only one-fourth as important. We believe that the needs of the present situation can be most effectively met by establishing an institution whose duty shall be first of all to finance the needs

of agricultural co-operative societies and enterprises. To this end, we recommend the establishment of a Central institution for which we propose the name 'Agricultural Credit Corporation' whose duty it shall be to lend those funds for agricultural undertakings."

Australia. In Australia, provision is made for dispensing short term rural credit, by the "Commonwealth Bank of Australia." The Principal Bank Act which was passed in 1911 and which had undergone some amendments between 1911 and 1924 was substantially amended in 1925 by what is called the Commonwealth Bank (Rural Credit) Act 16 of 1925. Section 7 of the Principal Act which defines the general power of the Bank permits it to acquire and hold land on any tenure and Section 34 permits the Bank to invest any moneys held by it, on loans, on the security of land. By the amending Act of 1925, a separate Department of Rural Credit was created as a part of the Commonwealth Bank. The new Department is provided with ample resources from various sources to finance agriculture. The Treasurer is empowered to lend from the available funds to the Rural Credit Departments up to £ 3 millions. In addition to this, 25 per cent of the net annual profits of the Note Issue Departments of the Bank should be paid into the Rural Credit Department up to a maximum of £ 2 millions. Besides these sources, the Bank is authorised to raise money for Rural Credit by the issue of debentures up to four times the sums lent by the Treasurer, moneys paid out of the profits of the Note Issue Department and the Reserve Fund of the Rural Credit Department. From all these sources, the Department can make advances for periods not exceeding 12 months to other banks, Co-operative Associations and Corporations or unincorporate bodies, as are specified by proclamation. The advances are made on the security of what is called "Primary Produce" which includes wool, grain, butter, cheese, fruits, hops, sugar and the like.

New Zealand. In the Dominion of New Zealand, a more forward step was taken by making provision for the New Zealand Bank dispensing long term mortgage credit to satisfy the larger credit needs of the agriculturists. By a special enactment, a "Long term mortgage department" was added to the New Zealand Bank. The Department has a special share and debenture capital of roughly £ 3 millions. The share capital is raised by the issue of shares to the shareholders of the Bank, a third of which are brought by the Dominion Government. The Government get a dividend of 6 per cent on their said perferential shares, while the other shareholders get 7½ per cent dividend. Debentures are raised to thrice the amount of the special share capital and their repayment is secured against the long term mortgage loans, which are advanced from out of this working capital to agriculturists. The loans are advanced on an amortization basis with interest at 6 per cent, plus provision for sinking fund, and for periods extending to 36½ years.

South Africa: The Union of South Africa has a dual system of State Banks in relation to Rural and Non-Rural credit. The "South African Reserve Bank" established by the Currency and Banking Act 1920, does not itself deal with Rural Credit. But a "Land and Agricultural Bank" preceded the Reserve Bank, having been first established by the Union Parliament Act 18 of 1912. In the year 1926, another Act (40 of 1926) was passed to extend the powers of this Land Bank and to provide for the formation of a network of what are called "Agricultural Loan Companies" and "Rural Credit Societies." This Act empowered the Central Board of the Land Bank to raise and use funds for effectively financing these agricultural loan companies, rural credit societies and individual farmers. Besides financing, the Central Board of the Land Bank renders many other valuable services to Rural Credit Organisations. For instance, Section 33 of the Act says that the Central Board of the Bank may lend to them the services of any of its officers or clerks and pay their salaries and allowance from the funds of the Bank and that the Bank may provide warehouses or elevators, suitable for the storage of grain or other agricultural produce accepted by rural societies as security for loans advanced. So a well conceived scheme of State Bank aid to Rural Credit supplements the activities of the Reserve Bank in the Union of South Africa.

In the light of these concrete examples from the Bank Acts of self-governing parts of the British Empire itself, it is idle to contend that a Department of Rural Credit cannot be tacked on to the proposed Reserve Bank. If things are not perverted, as they often are in India, the question of affording facilities for Rural Credit and making provision for the redemption of oppressive and chronic agricultural indebtedness should have occupied the foremost place in the deliberations of the Indian Commission on Banking. It is therefore our duty to wake up to the gravity of the problem and press for the creation of a Rural Credit Department in the Reserve Bank to satisfy the short as well as long term credit requirements of the Ryot. The potentialities of Rural Credit cannot be put more forcibly than in the words of Sir D. M. Hamilton. He says "The Ryot is a small man, but multiply him by 300 millions, organise his credit and his labour, provide him with a banking system, and he becomes a giant, able to move the world. Finance the ryot, and the ryot will finance the Government and the new industrial development, the Municipalities, the City Improvement Schemes, the District Boards, and all else requiring money. Leave him as he is and India will remain what she is, a land of waste and want. Finance the ryot, take up the neglected duty, give India an All-India Bank, and she will march onward at the head of the Empire, instead of hanging back in the rear where she now is."

Railway concessions.

The next resolution about Railway Concessions was also unanimously passed by the Committee.

V. This Conference is of opinion that the various railways in India should be requested to allow concession fares, in all classes, to the delegates attending the various Provincial and Inter-Provincial Co-operative Conferences taking place in different parts of India.

Committee of Enquiry.

The following resolution was then adopted regarding the Committee to enquiry.

VI. This Conference expresses its regret that the Government did not see its way to accept the resolution introduced into the Madras Legislative Council last month, asking for a Committee of Enquiry into the present condition and administration of Co-operative Movement in the Province and to suggest means of improvement and urges on the Government the immediate appointment of such a committee with wide powers to deal with all aspects of the movement including the subject of co-ordination of agricultural, industrial and co-operative activities and the amendment of Act II of 1912.

Resolved also that the above Committee should be asked to send its report within three months of its appointment.

IV. Delegation of powers from departmental officers.

The subjects settled in the informal conference were thereafter taken up for consideration.

Mr. R. Ramachandraran said that Rao Bahadur A. Vedachalayar has closely gone through the bylaws and suggested the necessary changes under changed conditions and the Madras Provincial Union might be asked to consider them and submit a report to the Government. The Committee agreeing to this procedure, it was resolved that the following questions raised by Mr. Vedachalayar in his answers to the questionnaire might be left for the consideration of the Provincial Union.

Points raised by Mr. Vedachalayar.

Page 22. The rules which give wide powers of discretion to the registering authorities regarding the registration of societies and amendments of bylaws should be made more specific and detailed with a view to prevent the abuse of such discretion by the departmental officers.

MODEL BY-LAWS OF RURAL SOCIETIES.

Page 23. The borrowing power of the society shall be fixed by the General Body of each society. Insert in the place of 'provided that etc,' in by-law 18, "subject to alteration by the General Body."

Page 24. The General Body may however sanction some remuneration to the person doing the clerical work of the society or one of the panchayatdars; and such remuneration should be treated as expenditure incurred in the management of the institution.

Page 25. By-law 32—to insert in the place of the Registrar, who is given power to call a General Body Meeting of a society "at the instance of a person deputed by the Central Bank or the District Federation in the District."

By-law 42--individual limit for loans--omit the blank *re*: the amount which gives power to the Deputy Registrar to fix, and insert—" These can however be altered by the General Body at its meeting when more than half the number of members on rolls are present and vote, such alteration being reported to the Central Bank and the Assistant Registrar for information."

By-law 47—The approval of extensions or renewals of loans by the Registrar—insert " The Central Bank if desired."

By-law 54—(1)—Subsidiary by-laws for joint purchase to be approved by the Registrar—insert " Central Bank and Assistant Registrar for their information."

Page 26. Bylaw 61—Sums lost or found irrecoverable—permission of the Registrar required in the case of non-union societies. This may be done by Central Banks.

MODEL BYLAWS OF LOCAL UNIONS.

Page 26. Bylaw 8—Delete the power of the Registrar for dis-affiliation of societies from unions, and this should be done by the General Body and not the Governing Body.

Page 27. By-law 9 (6)—approval of the Registrar for taking deposits—insert " General Body and Central Bank."

By-law 10—Registrar's approval for levy of supervision fund not necessary

By-law 12—Administration of the Supervision fund pursuant to the advice of the Registrar not necessary. We may substitute " Central Bank or District Federation."

By-law 13—Pay and allowances of supervisors--control—Substitute " District Federation or District Bank " for "the Registrar."

By law 20—" Interlending or deposit to be subject to the approval of the Registrar "—may be deleted. Fees for Governing Body members need not be approved by the Registrar.

Page 28. Bylaw 24—T.A. for journeys to be approved by the Registrar—insert " District Federation or Central Bank."

Bylaw 25—other expenses of the Union—insert " District Federation or Central Bank."

Bylaw 29-(2)—Approval of the budget by the Registrar—insert " District Federation or Central Bank."

MODEL BYLAWS OF CENTRAL BANKS.

Bylaw 24—Pay and allowances of supervisors for non-affiliated societies—subject to the sanction of the Registrar—insert " General Body."

Page 29. Bylaw 25 (4) Allowing an additional contribution and subject to the approval of the Registrar—delete the last words.

Bylaw 27—Budget estimate of receipts and charges of the supervision fund to be sent by the Board to the Registrar— delete Registrar."

The following resolution was adopted by the Committee.

VII. " That the Provincial Co-operative Union be asked to consider the various questions raised by Rao Bahadur A. Vedachala Aiyer regarding the delegation of powers by the Department to the non-official agencies and submit a report on the same to the Government.

V. Reorganisation of the Department.

The following resolution proposed by Mr. R. Ramachandra Rau was unanimously approved.

VIII. That with a view to enlist the hearty sympathy and activity of a Department Officer in the progress of Co-operation and of his touch with the prominent non-official workers in each district and with a view to save delay, and to increase the sense of responsibility in the District Officer, it is absolutely necessary that no officer should be interposed between a District Officer, of whatever grade or nomenclature he may be, and the head of the Department."

Another resolution passed on the same subject was about the auditors which is given below.

IX. " This Conference is of opinion that Departmental Officers who do audit work should not be named Inspectors but should be called Auditors. The emoluments of the auditors, official and non-official, should be sufficient to attract persons of adequate capacity, and the present scale stands in need of improvement."

VI. Co-operative Training and Education.

Mr. Ramachandra Rao proposed that the main principles were already enunciated in Resolution No. I, that the details might be left to the Provincial Union to be settled and the conference might content itself with the principle of State Aid for education. The following resolution was adopted unanimously.

X. " The Conference is of opinion that in conformity with the opinion of Mr. Wolff, viz., that all expenses connected with educative propaganda should be met by the State and requests the Government to give adequate subsidy to the holding of training classes."

Sectional Conferences of Urban Societies.

The following resolution was adopted by the Committee.

XI . " That in future, sectional conferences of urban societies be held along with Provincial Conferences."

Venue of the next Conference.

XII. It was first decided that the next conference should be held in the Andhra districts. The Andhra delegates consulted among themselves and the representatives of Nellore invited the conference for Nellore for next year.

The following resolutions sent by Mr. G. Ramachandra Rao signed by a number of delegates were dropped.

" This Conference urges on the Government that the interests of the co-operative movement will be served better if the Registrar of Co-operative Societies be an Indian with an intimate knowledge of the language or the languages prevalent in the area of his jurisdiction and this principle should be given effect to at once."

(Sd.) G. Ramachadra Rao, *Gudivada.*
,, G. Ayodhyaramaiya, *Guntur.*
,, V. Purnachandra Rao, *Tenali.*
,, G. Sriram Babu Naidu, *Madrast*
,, S. K. Yegnanarayana Iyer, *Madras.*
,, N. Satyanarayana, *Godavari.*
,, G. Satyanarayana, *Godavari.*
,, G. V. Subba Rao, ,,
,, N. D. Kamesha Rao. ,,
,, K. V. Raghavachari, *Nellore.*
,, M. Ramakrishna Rao, ,,
,, A. Sethuramaiyer, *Tanjore.*
,, Pillu Rao, ,,
,, Narasinga Rao,
,, M Sriramamurthy, *Vizagapatam*
,, C. Subbarao, ,,

" This Conference is of opinion,

(*a*) that a Madras Provincial Conference of the kind now held is quite unnecessary ;

(*b*) that conferences held on a linguistic basis better serve the objects of Co-operative education and propaganda in relation to the village admitted by all as standing in immediate need of Re-construction and Renovation ;

(*c*) that, until administrative units of Government are brought into being on a linguistic basis a central, stable body composed of ten to fifteen representatives from every language area, will serve the movement more economically and efficiently than a costly, unwieldy and conglomerate gathering like the present conference "

(Sd.) G. Ramachandra Rao.
,, S. Ayodhyaramaiyah, *Guntur.*
,, V. Purnachandra Rao, *Tenali.*
,, C. Subba Rao, *Vizagapatam.*
,, M. Sriramamurthy, ,,

COMMITTEE II. AGRICULTURAL CO-OPERATION.

PRESIDENT : RAO SAHEB A. SETHURAMAYAR.

Agenda.

(Part III, V Pages 39 to 51)

(For subjects vide Questions under the Questionnaire V.)

Resolved that a Co-operative Sale Society be organised for every cotton growing centre ;

that every rural co-operative society shall take shares in a co-operative sale society and the members of rural societies shall send their produce through their societies to the co-operative sale society for sale ; and

that not only rural societies but also the members of rural societies do take shares in co-operative sale societies. (*Koilpatti Co-operative Sale Society*)

5. That this Couference recommends that co-operative " Purchase and Sale " Societies be started in each and every village side by side with the credit societies to facilitate the work of credit societies. (*Tholasampatty Co-op. Union.*)

Proceedings.

The Committee met at 5-30 P.M. on 16th April under the presidency of Rao Sahib A. Sethurama Iyer and the following resolutions were passed for consideration of the Conference.

Members Present.

(1) Mr. V.K. Menon, ... Central Co-op. Bank, Calicut.
(2) ,, K. V. Raghavachariar ... ,, Bank, Nellore.
(3) ,, Rao Bahadur V. Govindan ... Dt. Federation, Malabar,

(4) „ A. S. Menon, ... Ottapalam Union.
(5) „ A. V. Subramaniaiyar. ... Conjeevaram.
(6) „ O. R. Chetty. ... Thevaram Cardamom Co-op. Bank.
(7) „ K. Venkasami Rao, ... Uthamapalayam Union.
(8) „ Sankarapandia Reddiar, ... Koilpatti Sale Society.
(9) „ Alagirisami Naidu, ... „
(10) „ Kumarasami Raja, ... Srivilliputhur Central Bank.
(11) „ Venkatachalamudaliar, ... Vachakkarapatti Union.
(12) „ I. Kumarasami Pillai ... Tanjore.
(13) Mr. H. M. Hood, Registrar of Co-operative Societies, Madras.
(14) Rao Sahib Devasikhamani Mudaliar, Joint-Registrar of Co-op. Societies
(15) Rao Bahadur M. K. Venkatachariar.
(16) Lakshminarasimham

Resolutions.

I. Resolved that each society do pay special attention to the by-law relating to the joint loan for the purchase of manure, implements and cattle food, by the same wholesale before the season according to indents or according to cautious estimates of the needs of members made by Panchayats in consultation with the respective members or their tenants etc., subject to a maximim amount that may be fixed by the General Body and distribute them in proper season to the members.

II. Resolved that the Agricultural Department do give demonstrations in improved methods in such places as may be selected by the Union in consultation with Local Agricultural Officers.

III. Resolved that more experiments be undertaken in the formation of dairy societies on the following lines :—

A number of small societies in villages near the city centre and a central sale and consumer society in the city, the cattle being owned by the members themselves.

IV. Resolved that loans be granted to the members on the pledge of their crops and produce up to a limit depending on local conditions over and above the maximum borrowing power and that the borrowing power of the societies be also raised independent of the borrowing power fixed for the society up to a certain percentage of the value of the produce in the custody of the society.

V. That vacancies in the Co-operative Inspectorate be filled up by graduates in Agriculture or holders of diploma in Commerce.

VI. That Government do depute Agricultural Demonstrators to look after groups of agricultural lease societies for the depressed classes.

COMMITTEE III :—CONSUMERS', INDUSTRIAL, HOUSING AND LABOUR CO-OPERATION.

President :—MR. G. SRIRAMBABU NAIDU.

Members present.

(1) Mr. E. K Subramaniam, Pattukkottai.
(2) „ E. S. Sunda, Madura.
(3) „ K. L. Narasimha Rao, Madras.
(4) „ T. Doraisami Reddiyar, Vediangadu, Chittoor District.
(5) „ S. Saranathachari, Co-operative Stores, Tiruthuraipundi,
(6) „ V. Chinnakrishna Naidu, Othakadai Union.
(7) „ C. Subba Rao, Vizag District Co-operative Banking Union, Vizagapatam,
(8) „ N. P, Krishnaiyengar, Nanguneri Union
(9) „ K. Ranga Rao, Uslimpatti Stores,
(10) „ S. K. Yegnanarayanaiyer, P. C. U. Madras.

The following resolutions were passed.

RESOLUTIONS.

CONSUMERS'

I. This Conference recommends that every Consumer Society may be permitted to have a credit branch provided the accounts are maintained separately.

II. This Conference recommends the formation of a League or Federation of Stores ; pending the formation of such a League, the Provincial Co-operative Union be requested to arrange for a Sub-Committee for the purpose of collecting and disseminating commercial information for the benefit of Co-operative Stores.

III. This Conference recommends that wholesale purchase and supply societies be formed at convenient centres for the purpose of purchase of goods wholesale and supplying them to other Stores and Societies affiliated to them. Pending the formation of such wholesale societies, the Triplicane Urban Co-operative Society be requested to supply the existing Stores and Societies at a profit not exceeding one per cent over their cost price.

IV. This Conference recommends that the Triplicane Urban Co-operative Society be requested to undertake propaganda on Consumers' Co-operation in mofussil centres also.

INDUSTRIAL.

V. This Conference is of opinion that Co-operative societies be organised throughout the presidency for small cottage industries like spinning and weaving of cotton, wool, coir-making, basket manufacturing out of bamboos etc., match factory, button manufacturing, etc.

VI. This Conference requests the Government to supply expert advice on industrial and agricultural matters free of cost to co-operative societies.

BUILDING.

VII. This Conference strongly urges upon the Government that co-operative building societies be permitted to return the share capital of such members as have liquidated their debts to their societies provided the maximum borrowing capacity of the society is not affected by such repayment.

VIII. This Conference urges upon the Government the desirability of lending to building co-operative societies at the same rate at which they borrow from time to time as the present rate of six and a half per cent is too high.

IX. That this Conference requests the Government to extend the period of repayment from 20 to 30 years.

X. This Conference recommends that building co-operative societies be allowed to collect interest accrued up to the completion of the building in 12 equal instalments commencing from one month after the date of completion and that the repayment of interest to Government be permitted to be made in the same manner.

XI. This Conference recommends that the Government be requested to exempt co-operative societies from all taxes under Municipal and Local Boards Acts.

LABOUR SOCIETIES.

XII. That the Government be requested to instruct the officers of the Government Departments and Municipal and Local Boards to entrust the Co-operative Labour Unions and Societies with execution of works in preference to private contractors.

XIII. The Government be requested to make subsidies to rural loan and sale societies for the purpose of building godowns.

XIV. This Conference recommends to the Central Banks that the rate of interest chargeable by them to loan and sale societies be one per cent less than the rate charged for the loans of credit societies.

The Committee again met on 17th April at 6 P.M., and passed the under-mentioned resolutions for the consideration of the open Conference.

XV. That this Conference recommends that the President of the Hindu Religious Endowments Board and the Director of Public Instruction be requested to direct the officers of Institutions under their control or supervision such as temples, chatrams, hostels etc., to make their purchases in the co-operative institutions of the locality in preference to purchases from private merchants.

XVI. This Conference recommends to the Government to render financial aid to all labour and depressed class societies for payment of remuneration to persons for clerical work done by them for such societies.

Proceedings of Committee No. 4—Rural Reconstruction.

President:—REV. H. C. BALASUNDARAM.

(16th April 5 to 7 p.m. and 17th April 8 to 10 a.m.)

The undermentioned members attended the committee meeting.

Mr. K. Ranga Rao	...	Usilampatti C. Society
„ S. S. Namasivaya Mudaliar	...	Tiruchendur Co-op. Union
„ V. K. Ramaswamiaiyer	...	Vilathikulam Union
„ P. A. Subramania Iyer	...	Thirupathur Union
„ S. Chokalingam Pillai	...	Dindigul Co-op. Union
„ V. Purnachandra Rao	...	Guntur Dt. Co-op. Bank
„ K L. Narasimha Rao	...	T. U. C. S., Madras
„ T. M Srinivasacharya	...	Padalam Union
„ J. N. Jayakaran	...	Coimbatore-Nilgiris Dt. Co-op. Federation.
„ P. M. Gopalakrishnan	...	Lutheran Xn C. S. Ltd., Cuddalore
„ V. Raghavaiyengar	...	Mayavaram Co-op. Supervising Union
„ C. M. Venkataramaniyah	...	Mayavaram Urban Bank
„ E. S. Sunda B. A. B. L.,	...	Madura City Union
„ N. Satyanarayana	...	Alamuru Union
„ M. Sreeramamurthy	...	Polepalli L. C. Union, Vizag District
„ C. Subba Rao	...	Vizag Dt. Co-op. Banking Union
„ V. Chinnikrishna Naidu	...	Othakadai Union

The Committee was in charge of questions issued under IX Rural Reconstruction and the answers published under Part III in pages 52-55 of the Notes and Papers submitted to the Conference. The Committee considered first the resolution of Mr. G. Venkatarangachariar, that 'Government and Local Boards be requested to give grants to Co-operative Societies for reconstructing villages.' (The resolution was lost, 4 voting for and 6 against.'

Mr. T.M. Srinivasachari of Padalam moved "That Government be requested to entrust the work of panchayat to the rural societies and effect all improvements through the same." (The resolution was lost)

Mr. P. M. Gopalakrishnan, Cuddalore, moved that "since ignorance is the root of all evils, resolved (1) that adult education should form the integral part of reconstruction work by rural Co-operative Societies and (2) that the Director of Public Instruction be approached to issue circulars to District Educational Officers to see that in the monthly meetings of teachers, popular lectures by leading co-operators, official and non-official, Agricultural officers, Health officers, and leaders of other agencies are given so that they may broadcast knowledge in villages to which they go." The proposition was seconded by Mr. G. Venkatarangachariar and supported by Mr. Raghavaiyengar.

Mr. K. L. Narasimha Rao proposed an amendment that the Government be approached to place its officers, Health, Educational, Agricultural Development departments at the service of the Co-operative Societies for the purpose of carrying on adult education during their leisure time at their own cost. Finally, the Committee passed the following resolution after a great deal of discussion :—

I. That the Government be requested to render all facilities through their officers (Heath, Educational, Agricultural, Development departments) to the Co-operative Societies to carry on the work of Rural Reconstruction.

Another proposal moved by Mr. Venugopal Naidu was about the amendment of the Village Panchayat Act and Courts Act so as to make the village panchayat of the Co-operative Society a panchayat under these 2 Acts also. The resolution was lost, 3 voting for and 7 against.

17th April 8 a. m.

Mr. E. S. Sunda presided in the absence of Rev. H.C. Balasundaram The following seven Members were present.

1. Mr. E. S. Sunda (Madura)
2. ,, V. Raghava Aiyangar, (Mayavaram).
2. ,, T. M. Venkataramana Aiyar, (Nayavaram)
4. ,, Purnachandra Rao, (Tenali)
5. ,, V. Saranathachari (Thiruthuraipundi)
6. V. Chinnakrishna Naidu (Othakadai)
7. K. L. Narasimha Rao, (Madras)

The Committee continued its discussions of the previous day. The first question discussed, related to the appointment of a committee for rural reconstruction work by paid or honorary wakers to be paid from funds of Unions or Banks in the respective districts.

Discussion centred round the agency for finance. Mr. T. M. Srinivasa Chari of Padalam Union wanted the omission of Unions. Messrs. Raghavaiyengar, and Palaniandi Chettiar opposed the resolution. Mr. Satyanarayana proposed the common good fund of Co-operative Societies wherever possible. The resolution was passed, one dissenting. The following resolution was handed over for consideration at the open session.

II. That a Central Investigation Committee of six persons with one other as convener be appointed to consider and report on the best possible practical scheme of "Rural Reconstruction" through co-operative organisations and the following be the members :—

(1) Hon. Mr. Ramadas (President of the Committee).

(2) Dewan Bahadur R. Ramachandra Rao, (Madras).

(8) Rao Bahadur A. Vedachala Aiyar, (Madras)

(4) Mr. G. Ramachandra Rao (Tenali).

(5) Rao Bahadur V. Govindan (Malabar).

(6) K.L. Narasimha Rao (Madras)

(7) E.S. Sunda (Madura, Convener),

and the cost of the same be met from the funds of the Provincial Co-operative Union.

The next question discussed was the resolution moved by Mr. P.M. Gopalakrishnan in the following terms:—That the P.C.U. be authorised to appoint a committee of enquiry co-opting necessary Government officers to study the question of the improvement of cottage industry suitable for each district and subsidise the Local Co-operative Unions to improve the industries. Mr. N. Satyanarayana opposed the resolution that the Minister had already appointed an Officer to enquire into the matter. The resolution was lost, 3 voting for and 7 against. The following resolution was finally passed for the consideration of the open Conference.

RESOLUTIONS.

III. That each Union do gather information from Rural Societies attached to it under the following heads :

(1) Cottage and other industries now obtaining in the village,

(2) Old and dying industries that can be revived with profit, and.

(3) New industries that can be started, and draw up a consolidated report based thereon for submission to the Development Minister through the Cottage Industries Enquiry Committee.

The following two other resolutions were also considered by the Committee and submitted for the consideration of the open Conference

IV. That Rural Reconstruction be attempted in the following practical manner by Co-operators :

(a) By consolidating and expanding the activities of Rural Societies to benefit the agriculturists not only in the field of credit but also in the fields of production, distribution and consumption by securing the help of the Department of Agriculture and Industries whenever necessary.

(b) By arranging for lectures, libraries, distribution of pamphlets and leaflets, magic lantern exhibitions and holding of classes to officers, members or societies and public

V. This Conference reiterates the resolution of the previous Conferences regarding the inclusion of 'Co-operation' as a compulsory subject in the curricula of studies in schools and colleges and the writing of suitable text books for use in such institutions.

Two resolutions relating to the opening of more rural dispensaries and the unnecessary interference of Local Boards in their administration were dropped.

THE MADRAS BULLETIN OF CO-OPERATION
P.C.U.
ALL FOR EACH and EACH FOR ALL

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SECOND DAY PROCEEDINGS

17th April, 1927.

The first Session of the Open Conference began its sittings at 12 noon on the 17th April 1927 with Sir Lalubhai Samaldas in the Chair.

The President first enquired of the house as to the time limit for speeches and fixed it as ten minutes for the President of each committee and five minutes for others. With the consent of the house, he declared that ten minutes before the Conference closes, he would apply the guillotine and put the resolutions to vote.

The President then called on the President of Committee I to give a report of the proceedings of his committee and move the resolutions one by one. The following resolution was then placed before the house for consideration:—

Machinery for Supervision

III. "In view of the fact that the Department has ceased to do inspection, supervision aud expansion, the Conference is of opinion that an adequate non-official machinery should be created to discharge these functions properly.

Such a machinery should consist of two classes of officers, one corresponding to the present grade of Union Supervisors whose duty will be to check accounts and examine if the bylaws are properly applied, and (2) another of a higher calibre to exercise intelligent supervision and expand on correct principles of co-operation and to carry on educative and propaganda work. The Union Supervisors should generally draw a salary of about Rs. 50 per month which should ultimately be met out of the rebates from primary societies and be trained in District Schools. The Higher Staff should consist of Inspectors paid from Rs. 50 to Rs. 150 per month according to local conditions, and of about five or more hands per revenue taluk should be adequately trained in a co-operative collegiate institution, which should be managed by the Provincial Co-operative Union and the cost of which should be borne by the Government.

IV. "With a view to ultimately secure adequate funds for the purpose of resolution III, the Conference is of opinion that, pending the recruitment of the required staff, special temporary steps be taken in all ways possible and for expenses for the same the District Banks be required to provide a special consolidation fund by granting a rebate of anns. 8 for Rs. 100 of loans advanced. The Apex Bank be asked to renew in the next co-operative year the rebate it has granted this year."

The President of the Committee said that the resolution had received very good discussion at the hands of the Committee which met the previous day between 6 and 9 p.m. and as he did not want to cover the same ground, he would request the delegates to unanimously accept it.

At this stage, the Hon. the Minister for Development entered the Hall and the President of the Conference welcomed him in the following words :

Gentlemen, May I on your behalf offer the Hon. Minister our hearty welcome for his having taken the trouble of coming over here to attend our session. You Sir, (turning to the Minister) will realise that we, co-operators in Madras and one from Bombay, have met together to find out how far the progress of the movement in your presidency is satisfactory. If it is not satisfactory, we will study the difficulties in the way of a satisfactory progress and

after studying the difficulties, we want to remedy and remove those difficulties. It is but right and proper, Sir, that you should be here to listen to the views of the various co-operators, official and non-official, on this subject. As I said yesterday, this movement is a movement open to all without any difference of caste or creed, official or non-official. Mr. Hood and Mr. Ramachandra Rao can work together on this platform in a brotherly spirit. It is a movement which is really working for the uplift of the masses. It is a movement in which we from towns are prepared to co-operate with the representatives of the village for the same aim. And we do feel very much thankful to you, Sir, for having at such great inconvenience accepted our invitation and come here to listen to our discussion, and to give us guidance and advice whenever necessary. Gentlemen, with these preliminary remarks, let us begin our work. Sub-Committee I has drafted 2 resolutions which have been submitted for your acceptance by the Chairman of the Committee, Mr. Adinarayana Chettiar. I do not know if any delegate is anxious to speak on it. If they think that this subject has been very carefully considered by the Sub-Committee and does not require to be discussed here, I will put it to vote. But if any discussion is thought to be necessary, I think the Conference will be glad to hear the views of delegates on the subject.

Rao Bahadur A. Vedachalayar—What I understand from Mr. Ramachandra Rao is that at present the Central Banks make a contribution of 4 annas on the interest realised on every loan of 100 rupees. In the village, they tax eight annas on every loan of 100 rupees whether the loan comes from share capital or deposit. A certain proportion is being transmitted to the District Federation to carry on its duties. The drift of this proposal is to construct a non-official machinery over and above what is being done by Local Unions, for creating a supervising establishment to be controlled either by the District Federation or by Central Banks which will be taken up for discussion later on. The question is from whence this additional money required to maintain this machinery over and above what is being done now by the Local Unions is to come. It is therefore proper that the Central Banks be asked to give eight annas for 100 rupees over and above the present system for the maintenance of Local Unions.

Mr. Ramachandra Rao, (interrupting) said that the eight annas was for temporary purposes and the four annas was a compulsory payment under the bylaws and that he contemplated a time when it would not be necessary to contribute the four annas.

When the President put the resolution No. 1 to vote, Mr. Shunmugasundara Mudaliar of Tinnevelly wanted to make a speech on the subject of an additional grant of annas four but was not allowed to do so by the President as the resolution had already been put to vote and carried unanimously. The President thereafter allowed Mr. Mudaliar to speak on the second resolution which was carried by a majority, one voting against.

Agency for Supervision

The third resolution was then taken up and the President in introducing it said :—Gentlemen, in Continuation of resolutions I and II, there is a third resolution on the same subject as regards the agency through which this special consolidation fund should be utilised. That resolution will now be submitted by Mr. Adinarayana Chettiar. I have also received notice of an amendment from Diwan Bahadur R. Ramachandra Rao. Mr. Adinarayana Chettiar, in moving the resolution will speak and explain his grounds. After that is done, I will call upon the Diwan Bahadur to move his amendment. General discussion will then take place on both.

Mr. Adinarayana Chettiar in moving the resolution said :—Gentlemen. For the information of those who were not present at the meeting of the Committee No. I this morning, a very few words of explanation are needed. The original resolution that was moved by Mr Ramachandra Rao was to the effect that the central bank or the district federation should have the control and charge of this part of the work including the control of the higher paid staff. The agency should be decided according to the local conditions of each area. The original resolution also provided that control may be vested in a Committee consisting of the representatives from the central bank and the federation. There were two more amendments, but as soon as amendment No. I was accepted as a substantive proposition by a majority in the Committee, the others were withdrawn. The resolution as passed by the Committee runs thus :—

" This Conference is of opinion that the functions of supervision, rectification and expansion and the control of the higher staff be vested in the District federations, provided that the District Bank is represented in the federation, or in a Committee consisting of the District Bank and Local Unions in places where there are no federations." The amendment of Mr. Ramachandrarau now before the Conference is to omit the words following 'federation' and read " or District Banks or in mixed Committees of both the bodies " and add the following words after 'vested' " in consultation with the Registrar according to local conditions."

The President then announced that another amendment has been given notice of by Mr. Venkatachari to omit the words 'provided that the district bank is represented in the federation' and it would be taken after the consideration of the first amendment.

Mr. Ramachandra Rao then rose to speak on his amendment. He said that he was sorry to bring his amendment after the resolution had received full consideration in the Committee. But he wanted that the delegates should understand the difference between the original resolution and the amended one. The original proposition was that the work of supervision and control of the staff should invariably be in the hands of the District Federation irrespective of local conditions and irrespective of the question of efficiency. His resolution did not preclude the work being entrusted to the District Federations. He simply wanted that the Registrar should be consulted. He pleaded for liberty of opinion. In his support he would only say that it was a compromise resolution. He could cite the Chairman and the Hon'ble Mr. Ramadas as his supporters. Where Dt. Federations are doing their work efficiently, the best thing was to entrust the work to the Federation. If it so happened that in some particular district the Federations did not work well, then in the interest of the movement itself at least for some time to come, the supervision of the staff might be left to the Dt. bank. The amendment gave the discretion to recommend the Dt. Bank or the Dt. Federation.

The President then read the original resolution accepted by the Sub-Committee which ran as follows :—

"This Conference is of opinion that the functions of supervision, rectification and expansion and the control of the higher staff be vested in the Dt. Federations, provided the Dt. Bank is represented in the Federation, or in a Committee consisting of the Dt. Bank and Local Unions in places where there are no Federations."

He invited delegates to speak on the resolution and the amendment.

Mr. Natesamudaliar opposing the amendment, deplored the fact that, after the resolution had received full consideration in the Sub-Committee, Mr. Ramachandra Rau brought his amendment saying that where Dt. Federations were not working well, the Dt. Banks should take up the work. Then the difficulty would arise as to which should do the work in a place where both the Dt. Bank and the Dt. Federations were working well. Where there was no Federation, the Bank and the Union Representatives could work it.

Another delegate in opposing the amendment, fully agreed with the previous speaker as to the danger likely to arise by accepting the amendment. By accepting it, there would be no powers given to the Unions, which were, after all, in immediate touch with the work of the Societies. He thought that in places where there were no Dt. Federations, a Committee of the Unions should go into the question of higher supervision and it must have the final voice in the matter. The Co-operative movement was worked through Unions, and anything which affected the Unions must come into vogue only in consultation with them. For these reasons, he opposed the amendment.

Mr. Parameswarayar in supporting Mr. Ramachandra Rao's amendment, dwelt on the fact that the Unions were represented in the Dt. Banks, in the Board of Management, and in the Executive Committee, that there was no necessity for another joint committee, and that there was no use in increasing the machinery and committees. He would therefore support the amendment.

One of the delegates speaking in Telugu supported Mr. Ramachandra Rao's amendment.

Mr. Ranganathayengar, in opposing the amendment, said that he was opposed to both the original resolution and the amendment but that, having committed themselves to the first and second resolutions, he would support the original resolution. Both were bad in that the original resolution wanted to take away the functions of the present local Supervising Unions and to give it over to the Federations. He would point out that, while the original resolution provided for the contingency that where there were no Federations a joint Committee of the Unions and the Dt. Banks would take the responsibility, in case they accepted the amendment, they would be doing away with the Unions.

Another delegate, in supporting the amendment, wanted to bring out that the effect of the first clause was not to extinguish the Unions, that it was only the higher staff that the Federations were concerned with and that the existing staff of the Unions would be left undisturbed. The necessity for a resolution of this kind at this stage was that the Unions had not attained a sufficient standard. Their standard was far below the required standard of efficiency. The Higher Staff was intended only to make up the deficiency.

Mr. Venkatarangachariar then spoke a few words on the subject. He did not want to mix up the subject of education and supervision. Supervision was quite different from propaganda. In European countries, where the movement was well advanced, there were not two, but three bodies. He said that we should work for another Federation in the right time for propaganda, education and for training, an efficient staff. The causes that led to such heavy overdues were most unfortunately put over the head of the supervising Union. Speaking with full knowledge, these Unions worked for the purpose of the half per cent from the Madras Central Urban Bank.

Mr. Shunmugasundara Mudaliar spoke in Tamil, supporting the original resolution. Speaking on the 8 annas rebate, he said that at least 4 annas should be given to the Unions.

Mr. Ramadas rising, then said:—"Mr. President and Brother Delegates;—You will easily realise the controversial character of the resolution if you remember that the tables are absolutely turned between the Committee and the Conference. In the Committee, what was the original resolution happens now to be the amendment, and what happens to be the amendment, was the original resolution. It shows clearly that there is a very great divergence of opinion. I feel we are considerably embarrassed by the personality of the mover of the amendment. I wish he had not brought this subject at all before the Conference. I will tell you why. The Central Bank which feels the responsibility for the finance, has taken up the question in all earnestness, and since the beginning of the year 1926, they organised themselves very well and held two conferences and issued a number of circulars. They are consolidating their position. The resolutions of the Central Banks' Conference have had very good effects upon many of the Banks. Some of the Banks have employed administrative staff, some Inspectors, and the work in the desired direction is going on. If Dewan Bahadur Ramachandra Rao had left there, probably the several Banks would have solved the problem. However he has brought this discussion to a point. I wish you to realize the three important matters connected with this discussion. The Central Banks themselves have not shown any desire to over-ride the functions of the Union. The Central Banks at their Conference passed a resolution which will be worth listening to. I crave your apology to read it to you. "Central Banks shall consider the desirability of *appointing a special staff to help the Unions*, with a view not only to investigate

the affairs of the society but also to taking necessary action in the matter immediately." They felt that the Central Banks are not suitable substitutes. Mr. Ramachandra Rao's scheme which deals with superior staff, has nothing to do with Unions. The lower staff is to be employed by the Unions merely to see whether the bye-laws are adhered to and loans are properly distributed. His amendment deals only with the higher staff. That higher staff does duties which will not be performed by the Unions. Therefore the whole scheme of the resolution is something over and above the union staff. My friend the mover of the resolution, was himself a compromiser. All compromises are bad. But I now find that the gentlemen who have put forward this resolution have compromised the matter so much as not to really voice the feeling of one section or the other.

Therefore, I am strongly opposed both to the resolution and the amendment. I will ask the House to postpone the resolution. Federations are strengthening themselves, the Central Banks are strengthening themselves. Therefore, when these two bodies are well organised, it will be time for co-operators to takcle this question. I would ask this House to postpone the consideration of this question now. As regards the other two resolutions, it was understood that it was a temporary measure. The difficulty came in, when Mr. Ramachandra Rao wanted to have it a permanent thing. The first two resolutions are not inconsistent with the present one. It will be good and wise on your part to postpone the consideration of this question.

PRESIDENT :—Now I want you to vote whether the adjournment resolution would becarried or not. Do you want me to put the adjournment resolution before you?

As 107 were for adjournment motion and the number against was small, the President declared that the adjournment motion was before the House and asked the members to confine their remarks to the merits of the adjournment motion.

The Hon. Mr. Ramadas speaking on the adjournment motion said that he had brought this motion at the request of many delegates. He explained that the present position had been reached owing to the withdrawal of the department from the duties of supervision and that too, without notice, as was expressed by certain genuine co-operators, and the duty lay upon them to construct a permanent agency with a permanent staff in the place of the department. The work required a good deal of time and preseverance. These things had to be fully discussed.

Another delegate opposed Mr. Ramadas' motion for adjournment for the reasons explained by the mover of the amendment. He said that in the present state of the movement some definite settlement should be arrived at. Another delegate said that Mr. Ramachandrarau's proposal would suit all local conditions. Central Banks were feeling their responsibilities little by little, the district bank as a financing agency was really interested in consolidation work, the department could not be expected to go back to its original functions and it was no use burking discussion on a question which had been fully considered at the Committee meeting.

PRESIDENT :—Resolution No. III has been duly moved and seconded. An amendment for adjournment of discussion on this resolution has been moved by the Hon. Mr. V. Ramadas I dare say you would realise that the acceptance of the amendment. means that you rescind Resolutions I and II just now passed. If you want to go back on what you have one, I have not the least objection to your doing so. You may adjourn the subject for one year but I want the delegates to understand that the acceptance of the adjournment motion of Mr. Ramadas means rescinding resolutions I and II.

Mr. Ramadas explained that the first two resolutions wanted the co-operators to provide a higher staff and Dt. Banks to provide funds. Consolidation work would be in charge of these agencies which are doing them at present. Resolution III might be therefore considered as a separate proposition. He also said that, even if resolutions I and II were rescinded, no harm would accrue. Another speaker said that Mr. Ramadas' position seemed to be to put a stop to any unpleasant feeling between District Banks and Dt. federations. Perhaps he feared that District Banks might withhold their rebate. If Government were not to interfere in matters of supervision, District Banks should pay eight annas for the special staff. The question was whether District Banks or district federations were to spend the eight annas. Each district might quarrel over it and settle down. No quarrel would ensue with the development of district federations. The speaker said that under these circumstances it was no use to vote for the adjournment motion. We might accept the amendment and do sane work.

Mr. Krishnasamy Pillai of Musiri opposed the motion of Mr. Ramadas.

Mr. Sivaswamy moved an adjournment of the House to come to some definite settlement.

Mr. Venkasamirau supported the adjournmnt motion of Mr. Ramadas. He said that opinion was unsettled on the question, that the efficiency of Local Unions might be traced back to the societies or district banks, that the amendment of Mr. Ramachandrarau was based more on expediency, that there was a school of thought that Dt. federations might share the same fate of Local Unions and that District Banks would do well to take the control in their hands by adding the necessary establishment and starting an administrative section.

Another delegate said that Mr. Ramadas was the chief of the movement, that his adjournment motion was not without significance, that he was responsible for the working of the co-operative societies in the whole province, that his position was delicate and the consideration of the question after giving one full year for the leaders to reconcile their views would do no harm.

Mr. Ramadas, replying to the several criticisms made on his adjournment motion, said that he was assured of a keen fight and that both schools of thought might combine in defeating his motion. The resolution and the amendment, both were compromises and not worth having. He would therefore request the house to vote for the adjournment motion.

The President, before putting the adjournment motion to vote, made the following speech:—The motion for adjournment is before you. Do you think you can wait for one full year? Your resolution will go down to each presidency as the decision of the co-operators of the whole province If you in your presidency think that you can afford to wait for one full year, I have nothing to say. But the position of the movement is bad. You must make some arrangement for fixing the responsibility regarding the improvement of the societies. I leave it to you now to vote on the adjournment motion.

The President then counted the votes. There was only a narrow margin against the adjournment motion. Mr. Ramadas demanded a toll. The President nominated Messrs. Ramadas and T. Audinarayana Chettiar to be the tellers for counting the votes for the adjournment motion and Messrs. K. G. Sivaswamy and N. Subramanyam against the adjournment motion. 117 votes for and 142 against. The Conference rose for lunch at 3 P.M. to meet again at 4 P.M.

The second session began its sittings at 4 p.m. The President in requesting the members not to continue the discussion on the same subject again, as it was fully discussed in the morning, said that there was another amendment by Mr. Venkatachari which would be moved after the amendment of the Dewan Bahadur was considered.

Mr. Vedachala Ayyar in speaking on the motion said that the one aspect of the question was that some three years ago, supervision was expected to be carried out by the contributions given by the society as well as by the Central Bank through the agency of the Local Union that is, the Local Union was the responsible agent of the Central Bank. It was on the strength of this position that the Local Unions agitated for getting the power to sanction loans which was hitherto in the hands of the Assistant Registrar. At that time, the contribution by the Central Bank to the Primary Societies was handled by the Local Unions, and the District Federation was given a certain proportion of the funds of Local Unions for its upkeep. We had also then some 10 or 12 Inspectors of Government paid by Government who were expected to put the Unions in proper working order and train the supervisors to do such work as they were expected to do. The position now is that the 12 Inspectors who were doing a certain amount of work paid by the Government to regulate the working of Local Unions, to see to the efficiency of the Supervisors, and also to go to the Primary Societies to supplement the work of supervisors, are not available to the movement.

The first two resolutions we have passed urge on us to substitute a non-official agency in the place of the Inspectors, that is, a higher staff than the one which the Union can afford to maintain, that must take the place of the Government Inspectors and the Assistant Registrar, and they are expected, if the scheme matures, to secure that staff of trained men to control the co-operative activities of the district and give the necessary aid to Local Unions where necessary and to take charge not only of the credit activities, but all activities connected with the district. Now the question whether the District Federation or the Central Bank is more efficient to control this higher staff cannot be decided by a Conference which lasts only for about 5 hours to which all the representatives have not come. Again, it is the Central Bank that pays. Therefore. he would suggest that they would continue to exercise supervision through the District Federations as they were hitherto doing through Local Unions, and the Local Unions would send their inspection reports to the Central Banks. The District Federations would send their reports to the Central Banks and appraise the latter of the various activities of the supervising bodies. Therefore, this was only a temporary arrangement, and probably if Co-operators come to a decision that it should be the agency to do supervision, and to administer the co-operative movement in the district, then the Central Bank, the Financing Bank, is bound and is entitled to get information from such bodies. In order that the Central Bank may satisfy itself that the Local Unions are working satisfactorily and that the funds it gives to the institutions are being administrated properly, that they should get the reports from the Federations and the Unions.

Dewan Bahadur Ramachandra Rao withdrew his amendment and in doing so he said :—" Before withdrawing my amendment, I want to make a few remarks on the criticisms made on the amendment. The first allegation is that my amendment takes away the immediate touch with the Unions. You find in the original resolution the only reference to Unions is in the case of districts without federations. The original proposition contains no reference to Unions whatsoever and I don't see how I can be charged with having neglected Unions, while the original proposition is supposed to have a reference to Unions. The second allegation is that the amendment will mean friction between the banks and the federation. It is not likely to arise on the amendment except when the personnel of these two bodies is already in a state of friction. With regard to the charge of my interfering with the powers of the Union, I would like to strike a personal note. I believe I was the first in bringing the Unions into existence. (A voice, before the Act. Yes, even before the Act) And you can take it from me that I am not going to treat it like a stepmother. If you read the amendment, or even the original proposition, the only powers that are going to be vested are not those about the lower staff. My language is based upon the language of the original proposition itself. The powers exercised by the Unions will continue to be the same whether this resolution is passed or not. The resolution refers only to the higher staff. I don't feel convinced that my amendment is wrong but in deference to the Hon'ble Mr. Ramadas, my leader, and the request made by the Chair, I withdraw my amendment.

A gentleman objected to the amendment being withdrawn, and as there were some three persons who objected to the withdrawal of the amendment, the President decided that the amendment could not be withdrawn. The amendment was voted against by a majority. The President, continuing said :—It is a happy ending so far as this House is concerned. It is not a happy ending so far as I am concerned. As I said yesterday in my presidential speech, I want a clear cut division between the three authorities. I want the financing side to be attended to by the Provincial and Central Banks. I want education and propaganda to be attended to by the Federations and the Provincial Co-operative Union, and I want the statutory work to be attended to by the Government. Conditions may vary in various provinces. The like of your Federations we have not got in Bombay. Some of you have faith in them. Some have not as yet seen from the papers that have been submitted to the Conference. I do not care how you do it so long as you decide to carry on supervision work. All I say is, work, work, and set your house in order. I am glad that Dewan Bahadur Ramachandra Rao was good enough to withdraw his amendment at my request. A resolution by the unanimous vote of the House will influence the policy of the Central Banks more than when it is carried by a small majority. It was for this purpose that I gave up my personal views on the subject and I thought that I should, for the time being, eliminate myself and my views, and allow the House to decide as it desires. Dewan Bahadur Ramachandra Rao has done the same. I hope that those of you who represent the Federations, and those of you who represent the Central Banks will join hands and see that the progress is in the upward direction. I now place the original resolution before the House for voting on the same.

Rao Bahadur Venkatachariar in explaining his position wanted to bring it to the notice of the President that the resolution as it stood would not apply to certain federations in which representatives of Central Banks could not be allowed unless the bylaws were changed, that the resolution would be inoperative for his district and it was not in the power of anyone to alter its bylaws until it is convinced, and asked whether it was proper that the District Banks should be forced into federations with all the powers of the Registrar .

At this juncture, the President said that there was the suggestion made in the papers as well as in this House that the Registrar took out from the movement several inspectors without due notice of a year or two to the non-official workers. He would therefore request Mr. Hood to explain his views on the subject.

Mr. Hood, responding to the call, said :—Mr. President and gentlemen. I must first of all thank you for the opportunity you have given to me to correct what appears to me an incorrect impression. Some 5 or 6 years ago an establishment was appointed consisting of a large number of inspectors whose duties were divided between supervision and audit. After they had been working for a short time, definite division was made and they were divided up into two classes, the auditors and the general administrative staff whose work included inspection, supervision and everything that supervision meant. That establishment was practically fixed about 6 years ago. It was made quite clear that there was no intention of increasing the establishment. It was anticipated that the movement and the number of societies would have greater development. It was anticipated that the number of inspectors required for audit would go on increasing. As the number of inspectors for audit increased, naturally the number of inspectors left over for the administrative functions diminished. The suggestion has been made that the department has suddenly dropped supervision like a hot potato. It is that impression which I think is incorrect. There has been no sudden dropping. It has been all gradually extending over the last 6 years. It was stated that there are now only 27 Inspectors left for the whole of the departmental supervision work over the presidency. I may say that

that statement is also out of date. The present number required which we reckon to be sufficient for audit is more than the whole number of inspectors we have got. 27 has now practically sunk to a minus quantity. You will thus see that this question of sudden dropping of supervision work is not really a fact, and that it is a perfectly gradual process which we have been looking forward to for the last 6 years.

The President then read the original proposition as amended by Mr. Vedachala Iyer which ran as follows :—

V "This Conference is of opinion that the functions of supervision, rectification and expansion and the control of the higher staff be vested in the District Federations, provided that the District Bank is represented in the Federation, or in a Committee consisting of the District Bank and Local Unions in places where there are no Federations," further provided that copies of the report of the above inspection staff is supplied by the federation or by the Joint Committee to the District banks."

After the above resolution was duly translated into Tamil by Mr. Adinarayana Chettiar, the President put the original resolution as amended by Mr. Vedachala Iyer to vote, and declared it carried practically unanimously.

COMMITTEE II—AGRICULTURAL COOPERATION.

Joint purchase in Societies.

Discussion was then taken upon the Report of Committee II—Agricultural Co-operation. Rao Sahib Mr. A. Sethuramier speaking on the resolution said that their expenses have increased under modern conditions and that they should try to increase their income. For this, they should stock before-hand, with the aid of the co-operative societies, manure, implements, and fodder so as to be useful to them in the required season. He said they were doing the same in his own place, Mannargudi, for the last 2 years. Mr. Sethuramier was proceeding on to the second resolution when the President said that each resolution may be discussed and carried separately as each was not connected with the other, and called upon members to speak.

A member proposed that the word 'seed' should be added between the "purchase of" and "manure". This received no objection from the mover as well as the President. One of the delegates in supporting the motion dwelt on the insufficiency of manure obtained from cattle and strongly supported the stocking of manure etc beforehand.

The President in dwelling upon the resolution drew the attention of the members to the necessity of interlinking the work of the credit societies and the purchase and sale societies. He appreciated the cautious nature of the resolution and related from his own experience in Bombay how the Sowcars went about selling the manure at a lower price than that sold by the Co-operative Banks (even at a little sacrifice to themselves to convince the members of the society

that the co-operative bank was robbing them. He therefore would not ask the society to stock manure in anticipation of selling it at a profit. The resolution was then put to vote and declared carried unanimously, with the word 'seed' added to it. The resolution as finally passed runs thus.

VI. Resolved that each society do pay special attention to the bylaw relating to the Joint Loan for the purchase of seed, manure, implements and cattle food, buy the same wholesale before the season according to cautious estimates of the needs of members made by Panchayats in consultation with their respective members or their tenants, etc. subject to a maximum amount that may be fixed by the general body, and distribute them in proper season to the members."

Demonstrations with the aid of Local Unions.

Mr. Sethuramier in moving the second resolution related how the Agricultural Department was able to demonstrate in his district that the land cultivated by them under improved methods yielded better produce than the one cultivated under the old method, and that this should be done on a larger scale and hence his resolution.

The President then made a slight verbal alteration and substituted the words "be requested to" instead of the original word "do".

Mr. O. N. Ramasamy Ayyar moved an amendment to the resolution. He said that some co-operative societies were started separately to show which is good and which is profitable in agricultural matters. Continuing, he said :— "To expect the Agricultural Department to do the work is not good" With this object in view, in Tanjore District in two places, and in four places in Trichy District, Co-operative Societies were started and with the advice of the Agricultural Department particular lands were cultivated under new methods and the profits and loss arising therefrom were demonstrated. He added that we should ourselves institute farms of this kind, and brought an amendment to the resolution accordingly. One of the delegates opposed the amendment, and thought that the Government should take the responsibility of demonstration.

The President then put the original resolution to vote and declared it carried unanimously.

VII. "Resolved that the Agricultural Department be requested to give demonstrations in improved methods in such places as may be selected by the union in consultation with local agricultural officers."

Dairy Societies.

Mr. Sethurama Ayyar then moved his third resolution. He dwelt on the importance of milk and related how they were not able to get ghee for the Conference from this town, and were forced to import it from Nellore. He therefore commended his resolution to the House for acceptance.

Mr. Srinivasaraghavachari in opposing the motion narrated his own experiences as an Asst. Registrar in conducting a dairy. He said that this was an innocent resolution. A dairy was formed some 12 years ago in this town and in his administration report, he had to say every year that the society was not working, but that it hoped to work. What is a dairy society? What is to be done with milk? How is butter to be made? Who are the experts that are to be consulted? These are some of the questions that crop up in a discussion of this resolution. If the Industrial Department is asked for advice, it says that this work does not belong to it. If the Agricultural Department were asked, they plead ignorance as to how ghee is made. So the experts are the poor Deputy Registrars and Asst. Registrars of whose knowledge he could testify, having himself been an Assistant Registrar. So he would say that they should not commit themselves to this resolution unless they had the advice of experts behind.

Mr. G. Venkatarangachariar also opposed the resolution.

Mr. T. A. Ruthrapathi Pillai of Tanjore supported the resolution.

Mr. Gangadhara Sastri opposed the resolution on different grounds. The society in Madras was a failure. The resolution did not put forward any definite proposal. Most of them did not understand what the dairy system was. For these reasons, he would oppose the motion.

Mr. K. V. Raghavachariar supported the motion and deplored the miseries they were suffering from owing to the absence of a dairy.

Mr. Venugopala Naidu in further supporting the motion, said that the villager should be placed on a par with the merchant. The growing indebtedness will have to diminished, and he believed that by making the farmers good merchants in their line, they would be doing a lot of good to the masses.

Mr. M. K. Venkatachariar in supporting the resolution, said that they must learn from their failures. Experts by themselves cannot organise and help the people. Societies should be formed and the expert advice available should be got. He wanted to distinguish between the three societies viz. the dairy society, the central sale society, and the central consumer society. With such verbal alterations, he supported the resolution.

One of the delegates suggested the deletion of the word dairy but this was not allowed by the President.

Mr. Sethurama Aiyar in further speaking on the motion, said that the society they were thinking of was a very small society and not a complicated one. In his own Dt., they advanced Rs. 2,000 yearly and the sum was soon realised. But the milk was being sold to the coffee club, which he did not want it to be. The milk should be sold to the members and they should profit. He would therefore request the House to vote for the resolution. He feared that Mr. Srinivasaragavachari's words would have misled them owing to his having been an Asst. Registrar.

The President, intervening, appealed to the House not to introduce personalities, and requested the House to vote for the resolution, since it was going to be conducted only on a very small scale. The resolution was then put to vote, and was declared carried unanimously in the following form :—

VIII. Resolved that more experiments be undertaken in the formation of dairy societies on the following lines:—

A number of small societies in villages be formed near the city centre ; and a central sale and consumer society be also formed in the city—the cattle being owned by the members themselves."

Loans on the pledge of produce.

The fourth resolution was then moved. In doing so, Mr. Sethuramier dwelt at some length on the overdues of the farmers and welcomed the recent circular issued by the Registrar enabling them to give loans to the extent of 75 per cent of the produce at 9 per cent interest. He also dwelt on the benefits of the godown system.

The President requested Mr. Hood to speak on the matter. Mr. Hood spoke as follows :—

Gentlemen, in the meeting between myself and the Deputy Registrars yesterday morning, we discussed the identical matter and passed the resolution among ourselves which was practically identical with what is now in the agenda. The system of loans on produce in the primary societies in villages based on bylaw 44 A is, I think, very well known to all of you. It is a system by which a ryot gets a loan on pledge of produce till he sells it. The bylaw does not fix the amount so borrowed. There is a very rigid line as to the amount which the primary societies can lend them. That has led to difficulties in many places and it is one of the main difficulties which this resolution was intended to meet. The borrowing power of the primary society is, as you know, based on the property statement. The property statement does not contain information about the grain owned by the ryot. That grain has, of course, its own great value as security deposits. It was therefore proposed while granting the individual practically unlimited borrowing power, the societies' borrowing power should also be similarly enhanced provided they had the security on which they enhanced it. The form of that security is to be observed in the last sentence. The grain must be in the custody of the primary society. The limitation proposed to the borrowing power of the individual depends on local conditions and is suggested in view of the fear entertained in some districts that the unlimited use of this rule would result in a comparatively small number of wealthy landholders swamping the society with their produce and practically taking the whole of the money available to the great detriment of the interest of the smaller ryots. There should therefore be a limit of the borrowing power in the prosperous districts, and in dry areas I don't think that there will be any practical necessity for this.

Mr. Satyanarayana, in supporting the resolution, said that a society of that kind was already in vogue in his district and dwelt upon the necessity of helping the farmers at a time when they had a large drain on their purses such as kist, marriage expenses etc.

Mr. R. Thathachariar also supported the resolution.

Mr. V. Narasinga Rau read the circular of the Registrar and dwelt on the necessity for godowns.

Mr. L. Gangadhara Sastry wondered how the banks could be expected to lend money to the primary societies on the security of the produce in the custody of the latter.

Mr. Adinarayana Chettiar applying for closure of the debate, the President spoke a little on the importance of the resolution they were considering and put the resolution to vote, and declared it carried unanimously. The resolution runs thus:—

IX. Resolved that loans be granted to the members on the pledge of their crops and produce up to a limit depending on local conditions over and above the maximum borrowing power, and that the borrowing power of the societies be also raised independent of the borrowing power fixed for the society up to a certain percentage of the value of the produce in the custody of the society.

The 5th resolution was modified by the President and it read as follows:—

University Graduates as Inspectors.

X. "That this Conference recommends to the Registrar of Co-operative Societies to give preference to graduates in arts with economics as their special subject, graduates in agriculture and holders of diploma in commerce at the time of appointing co-operative inspectors in the department."

The 6th resolution as verbally altered by the President read as follows:—

Demonstrators for Lease Societies.

XII. "This Conference requests Government to depute Agricultural Demonstrators to look after groups of agricultural lease societies for the depressed classes."

It was put from the Chair and carried unanimously.

The President announced that Committee III would again meet the same evening. The Conference closed its proceedings for the day at 5-30 P. M., to meet again on the 3rd day at 12 noon.

THIRD DAY PROCEEDINGS

IV Session 18th April 12 noon.

Sir Lalubhai Samaldas presided. The Hon. Mr. A, Renganatha Mudaliar, Minister for Development was also present. The President, Mr. T. Adinarayana Chettiar, first moved the resolution about the Committee of Enquiry " expressing regret that the Government did not see its way to accept the resolution introduced in the Madras Legislative Council last month." The resolution was

translated into Tamil and read to the delegates. The President said that he had received notice of an amendment from Mr. Sivaswamy and called on him to move his amendment. Mr. Sivaswamy proposed that, instead of the words "expresses its regret etc," the words "the Conference reiterates the resolution of last year regarding the Committee of Enquiry " be inserted.

The Hon. the Minister for Development Mr. A. Ranganatha Mudaliar said that he did not see the need for a discussion on the resolution as things stood at present and requested the mover of the amendment not to press it but leave the Conference to express its opinion in the form in which the resolution originally stood. In deference to the Hon. Minister's wishes, the amendment was withdrawn and the resolution was carried. The following is the text of the resolutions as passed by the Conference.

Committee of Enquiry.

XII. This Conference expresses its regret that the Government did not see its way to accept the resolution introduced into the Madras Legislative Council last month, asking for a Committee of Enquiry into the present condition and administration of Co-operative Movement in the Province and to suggest means of improvement and urges on the Government the immediate appointment of such a Committee with wide powers to deal with all aspects of the Movement including the subject of co-ordination of agricultural, industrial and co-operative activities and the amendment of Act II of 1912.

Resolved also that the above Committee should be asked to send its report within three months of its appointment.

Railway Concessions.

The next resolution regarding Railway Concessions was put from the Chair and unanimously carried. It runs thus:—

XIII. This Conference is of opinion that the various Railways in India should be requested to allow concession fares, in all classes, to the delegates attending the various Provincial and Inter-Provincial Co-operative Conferences taking place in different parts of India.

Delegation of powers.

The following resolution regarding the delegation of powers to non-official agencies was moved from the chair and carried unanimously.

XIV. That the Provincial Co-operative Union be asked to consider the various questions raised by Rao Bahadur A. Vedachala Aiyar regarding the delegation of powers by the Department to the non-official agencies and submit a report to the Government.

Abolition of Deputy Registrars.

Mr. T. Audinarayana Chettiar moved resolution No. VIII which runs as follows :—

XV. "That with a view to enlist the hearty sympathy and activity of Departmental Officers in the progress of co-operation and of their touch with the prominent non-official workers in each district and with a view to save delay and to increase the sense of responsibility in the District Officer, it is absolutely necessary that no officer should be interposed between a District Officer of whatever grade or nomenclature he may be and the head of the Department."

Mr. Ramachandra Rao then spoke on resolution:

We find, by actual experience, that Co-operative work is suffering by the appointment of an officer in the grade of a Deputy Registrar. Whatever academical, departmental or formal reasons may be advanced, we think that the work is really suffering; the efforts of the people are not successful, their hopes are frustrated. We should inculcate and increase in the District Officer, a sense of responsibility and love. It is he, who is in personal touch with the local prominent men and the peculiar conditions of a particular district. Much time is spent in conducting enquiries by these officers who have to look to the approval of the higher officers. Not only there is inordinate delay, but at times it results in inaction. There is thus this impediment. I don't want to say that the salaries of these Deputy Registrars must be distributed to Assistant Registrars so that the officials also may not be affected by this resolution. I therefore request you all to support this resolution.

Rao Saheb A. Sethurama Aiyar addressed in Tamil explaining the difficulties felt in the registration of amendments.

Mr. Somasundaram Aiyar of Puvalur said that no disadvantage would accrue by the abolition of Deputy Registrars, that the Government expenditure of Rs. 2,00,000 on this staff was only doing harm to the movement and that the present resolution should be supported by all.

Mr. V. Raghava Iyengar, Mayavaram, said: The purpose of the resolution is clear. The Assistant Registrar is the officer who is in touch with that particular district, with local conditions, and with the working of the societies and the Bank. The Deputy Registrar is asked to do non-credit work. His work is little or nothing. He is like a post-office. He sends the copy to the Registrar simply making notes of the omission of such and such words and substitution of proper phraseology and certain other corrections in the bylaws. To do this, he takes his own time and much delay is caused. The interference of the Deputy Registrar is unnecessary and it should be avoided. A free and honest discussion is lost. The Deputy Registrar is in a place far away from the village. Let there be no intermediary between the actual worker and the sanction giver.

ɔ Bahadur A. Vedachala Aiyar traced the history of the office since 1921; n before that period, the Assistant Registrar was given control over more districts and finding the difficulty, the Government has given more than for appointing a Deputy Registrar and one chief inspector for his help. ıdministration Report, the work of these Deputy Registrars was found to satisfactory. He pointed out that the concern of the Co-operators was ıt the distribution of credit work to such and such an officer and the ach person, or the abolition of such and such a post. He said that it the Government to consider whether an Assistant Registrar or Deputy ır was to be retained and as far as Co-operators were concerned, the ıt Registrar might be given full powers to deal with all the functions : societies.

. G. Venkatarangachariar supported the resolution in Tamil. The re- was put to vote and declared carried *Nem Con.*

The Reserve Bank Bill.

e following resolution was then moved by the Hon'ble Mr. V. Ramadas:

VI. "This Conference views with great apprehension the ɔn of Co-operative Banks from the scope and operations of serve Bank Bill and requests the Government to include the list of scheduled Banks, the Provincial Bank and such Co-operative Banks as may satisfy prescribed conditions, to such Co-operative Banks from the obligation of maintain- minimum balances referred to in Section 41 (1), to ensure tinuance of the present financial facilities. offered by the Im- Bank of India to Co-operative Banks, to include the Land ge Debentures in the category of securities which the Re- ank may sell, purchase or re-discount, and to afford other s for rural agricultural finance being conducted preferably ɔperative Banks."

ıking on the resolution he said :

resolution is one which deserves the very earnest and serious consider- ıll Co-operators not only in this province but throughout India. The Royal Commission on Currency and Finance have sent a report which is a document of considerable interest and utility to the country. In pursuance of that document, two Bills were introduced in the Central Legislatures and one of them (fixing the rate of exchange at 1 shilling 5 pence for a rupee) has been already passed into law. This Bill has been followed by another Bill for the constitution and formation of a Reserve Bank for India. The present Imperial Bank Act will undergo considerable alterations and as a consequential measure another Bank also is introduced. The Imperial Bank will not be a repository of all the monies but will function only as an agent to the Reserve Bank under an agreement of agency between the Reserve Bank and itself. The present Bill contains a list of about 26 banks included as constituent banks whose promissory notes, bills of exchange, and other securities may be sold, purchased and re-discounted. It will be found that Co-operative Banks are altogether exclude from the scope and operation of the Reserve Bank Bill. That means, the agricultural loans or other trade bills, promissory notes or bonds of the Co-operative Bank will not be purchased and hence the Co-operative Banks will suffer great hardships. Further the efforts which the Co-operative Banks have been making hitherto to relieve the agriculturists from the thraldom of the money-lender or the sowcar will be less effective. The Joint Stock Banks will have considerable facilities, same as those extended to scheduled Banks. Hitherto the Madras Central Urban Bank enjoyed overdraft, cash credit and other facilities with the Imperial Bank. The Imperial Bank has assumed certain responsibilities for agricultural finance. It was obliged to do so because the Government brought pressure on it. Now that the Government will withdraw its patronage, the Imperial Bank is entitled to relax its obligations by embodying certain restrictions. Hereafter the Imperial Bank would not be amenable to Government control as it is to-day and it may not allow the co-operative banks to continue such facilities as they enjoy to-day. Or if it does continue, it will continue under altered conditions and conduct the business more profitably to itself, not caring to the interests of the Co-operative Banks. That is another grave danger which the Co-operative Banks have to face. This Conference should ask the Government that the present facilities should be allowed to continue. It should also ask that its land mortgage debentures should be included in the category of securities which the Reserve Bank may sell, purchase or re-discount. (Here Mr. Ramadas said that Sir Basil Blackett would laugh at him for his demand and added that he was not a person to be frightened by the latter's tremendous opposition. Here he also read clauses 7 and 8 of the Bill.) If the Government of Czecho Slovakia floats a debenture, the Reserve Bank will negotiate it and think it a safe security but not the Indian Land Mortgage Debentures (Laughter.) In spite of the the many safeguards, investigation into valuation of land and other tests made by the Co-operative Department in these Banks, if the Imperial Bank and the Reserve Bank cannot place any trust on the debentures, is it not conclusive that the object of these banks is not to help the agriculturists? Do not worry yourself on the ground that Sir Basil Blackett will think that we are irresponsible people. You will have no doubt a tremendous opposition from the Government. Of course it is very difficult to get the support of the Government. Very often when many things are asked for, the Government accedes to one or two requests, and that too is not forthcoming in action. Therefore an honest effort is to be made by the Co-operators to bring this matter to the notice of the Government. I appeal to you to pass this proposition unanimously.

Mr. N. Subramania Aiyar, Secretary, District Urban Bank, Coimbatore, speaking on the resolution in Tamil referred to the existing facilities from the Imperial Bank, the difficulties that would accrue by the non-inclusion of the Madras Central Urban Bank from the list of scheduled banks, and the need for timely information to the Government to rectify the mistake.

The President requested those delegates who were against the proposition to raise their hands and there being none, the resolution was carried unanimously.

Auditors-Prospects and Emoluments.

The next resolution reads thus :—

XVII. "This Conference is of opinion that Departmental Officers who do audit work should not be named inspectors but should be called auditors. The emoluments of the auditors, official and non-official, should be sufficient to attract persons of adequate capacity, and the present scale stands in need of improvement"

Mr. T. Audinarayana Chettiar moved the above resolution.

Mr. O. M. Venkatanadhaiyengar observed that a change in the name of inspectors to that of auditors was immaterial.

Mr. R. Ramachandra Rao replied that the first portion of the resolution was one of necessity, and the second, a matter of justice.

Mr. Hood opined that no importance need be attached to a name and it did not make much difference whether he was called an Inspector or an Auditor. He said that the Department was practically appointing graduates only and the question of attracting persons of high qualifications did not depend upon the starting salary but more on the security of tenure of office and future prospects.

Mr. L. Gangadhara Sastry said that these inspectors should be provided with peons for facilitating their work. They had to carry heavy loads of account books and the inspectors when styled as auditors should be given a higher salary because there can be no auditor who draws less than Rs. 100 per mensem.

R. Ramachandra Rao:—I am diametrically opposed to the statement of the Registrar, Mr. Hood. What is it that ought to be the guiding factor in regulating emoluments of public servants? We know that in the Madras Presidency graduates are cheap. Once, the High Court of Judicature, Madras, made a suggestion that the graduates were so plenty in the city that they might be employed on an initial salary of Rs. 45 instead of Rs. 50 a month. If the question is to be looked at in the light of supply and demand, and if this law was considered to be good by them, I ask why should you not apply that principle in appointing persons in higher services? Why should they be paid high salaries? Regarding the questions of wages, great authorities have thought over it and come to the conclusion that the question is not to be viewed and regulated on the basis of the law of supply and demand, but from the point of view of justice.

True, graduates who seek employment have security of tenure and prospects in the future. The utmost rise he can get is the post of the Assistant Registrar and that too, after encountering so many difficulties in the way. I would therefore appeal to you that you should give a living wage; you ought to give a wage without the danger of starvation; you ought to give a wage that will enable him to live decently and leave a margin to lay by something for his children. When graduates and B.A. (Hons) are appointed, the present scale of pay (Rs. 40 to Rs. 60) is not commensurate with their education and the responsible duty they have to do. Therefore, for goodness' sake, forget the question of supply and demand. If you do not give an increase in pay, and you deprive him of a living wage, I am afraid that work will suffer and the inspector will not discharge his duty efficiently. I request you, gentlemen, to support this resolution.

The President:—It is difficult for me (outsider as I am) to give my opinion as regards the proper scale of pay. As far as the Bombay Presidency is concerned, the auditors do audit work only and are paid more. This question should be considered not merely on the ground of supply and demand nor on the ground of justice but from the point of efficiency. A graduate on a low salary of Rs. 40 will not be the right type of man and if he is, he will leave the movement as soon as he gets a higher salary elsewhere. If you pay a sufficiently high salary, you will attract good men of adequate capacity and they will stick on to you.

The resolution was carried.

At this stage, the president read the following letter of fraternal greetings just then received from Mr. Wolff, England. He also referred to his meeting with Mr. Wolff last year when he was in England, and the keen interest he is evincing towards the Co-operative Movement in spite of his old age.

Copy of Message from Mr. Wolff,

TO THE XV SESSION OF THE MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE.

Reform Club, Pall Mall, S. W. 1.
March, 28th, 1927.

Dear Rao Saheb N. Ramaswamy Aiyer Avl.

I hope this is the correct way to address you. Gladly would I have complied with the request that you are good enough to address me in your letter of 3rd instant had you given me a chance of doing so. But consider, your letter appears to have taken 23 days in coming here, for I only received it yesterday. The next mail to India is due to leave here on 31st instant evening. So my message to you could not reach you till about the 24th April, just a week after your conference to which I was by message to address myself.

You judge rightly of the keen interest which I continue to take in the Indian Co-operative Movement and in it by no means least, in the Madras Presidency portion of it. The new edition of my book "Co-operation in India" which is now in the press will be witness of this and since I continue by favour of the editor to receive the Madras Co-operative Journal, you may be sure that I shall study the report of your conference with sympathetic attention.

For the present believe me, to remain with regret at being unable to fulfil your demand.

Yours sincerely,
Henry W. Wolff.

March 28th, 1927.

The following resolution was moved from the chair :—

Thanks to Mr Wolff.

XVIII. "This Conference expresses its best thanks and sense of gratefulness to Mr. Wolff for his friendly message and continued interest in the Co-operative movement in India."

The resolution was carried unanimously.

The following resolutions were also moved from the chair and carried.

State aid for education.

XIX. "This Conference is of opinion that in conformity with the opinion of Mr. Wolff, viz., that all expenses connected with educative propaganda should be met by the State, and requests the Government to give adequate subsidy to the holding of training classes."

Sectional Conferences of Urban Societies.

XX. " That in future sectional conferences of urban societies be held along with the Provincial Conference."

Land Mortgage Banks.

The Committee consisting of Messrs. A. Vedachala Aiyar and Ramadas appointed to draft the scheme and bring it before the Conference after consultation with Rao Saheb K. Deivasikamani Mudaliar placed the following resolution for the consideration of the Conference :—

XXI. This Conference is of opinion that until a suitable scheme is evolved, more primary land mortgage banks of the existing type introduced by Government be started and that a Land Mortgage Central Financing Bank be established at Madras composed of the said primary banks and other co-operative societies as well as individuals as shareholders.

2. The capital of the Bank shall be Rs. 3,00,000 of which individuals shall be allotted shares to the value not exceeding 50 per cent of the total number.

3. The borrowing power of the Bank shall be 25 times the paid up Share Capital and Reserve Fund.

4. The Debentures shall issue on the security of the bonds of mortgage of immovable property to the full value of the interest of Co-operative Societies in such bonds.

5. The period of the Debentures shall be 25 to 30 years.

6. The debentures shall get extinguished as collections get in, in the absence of safe investments such as investments in Central Financing Bank for short periods without loss of interest, and so as to be within the competence of the Central Bank to repay within the specified period.

7. The rate of interest on debentures shall not exceed six per cent and the lending rate to societies shall not exceed 7 per cent and the lending rate by the society to the members shall not exceed 8 per cent.

8. The period for which the mortgage loan may be given shall be 20 to 30 years.

9. Dividend on share capital shall not exceed seven and a half per cent during the first six years and shall not exceed five per cent thereafter.

10. The Central Financing Bank shall not lend to any one except to a Co-operative society.

11. The Primary Bank should not lend more than 40 per cent of the market value of the securities.

12. The Financing Bank shall not receive short term deposits.

13. Management to vest in the Provincial Bank.

II. A Committee consisting of Messrs. V. Ramadas, A. Vedachala Aiyar and R. Ramachandra Rao, with power to co-opt not more than 3 experts in finance and co-operation, will draft suitable by-laws and will act as promoters of the Financing Bank in contemplation, in consultation with the Registrar of Co-operation.

Mr. Ramadas in putting the scheme before the house said:—You will find that this scheme is one which is essential, and it has been discussed in the Press and in the bulletins. The resolution is prefaced with words 'until a more suitable scheme is evolved.' It proceeds to build on existing foundations with some modifications in order to induce the Department to consent partially to the scheme. We have evolved a compromise scheme which may be necessarily a bad scheme because compromises are always bad. (laughter) As experience shows whether this will work well or not, we will improve and rebuild on stronger foundations. But now we are commending to you a tentative scheme proceeding on the lines of least resistance. If these banks are able to raise Rs. 50,000 at 6 per cent, the Government is willing to give another Rs. 50,000. The scheme contemplates the formation of a Central Financing Bank. The President himself expressed the view for a central

organisation in his presidential address. The scheme is only a recommendation to this Conference and an informal one. Without the approval of the Government we cannot do anything in this matter. In spite of the shortcomings and defects in our scheme, in spite of the hurried way in which it has been prepared and in spite of the fact that it is a compromise scheme, I wish many of you will give your assent to it, give your blessings to the Land Mortgage Banks, and reduce the agriculturists' indebtedness to a tolerable character. I think, Lord Irwin, our present Viceroy, who is interested in agriculture will also support this scheme.

Mr. Vedachala Aiyar explained the scheme in detail in Tamil and said that this draft scheme of Land Mortgage Banks was subject to improvements, alterations, deletions and modifications, till a better arrangement is made. He also said that hereafter no reports would be coming before the Conference but work should be begun in right earnest.

At the suggestion of the President, provision was made to include 3 more experts in the Committee.

Rao Bahadur Mr. M. K. Venkatachariar said:—

I should congratulate Mr. Vedachala Aiyar and Mr. Ramadas for having drafted a scheme for the modification, control and consolidation of the Land Mortgage Banks. I may probably tell you one word about long term credit. It is the bedrock of our Co-operative movement. This scheme is suited to both classes of people—those who think that property is the real asset and others who think that character is the real asset. Thus it will meet the approval of people who look at things from the Co-operative aspects as well as the material aspect. This question of Land Mortgake Banks was discussed in Bombay at the All-India Conference of Registrars last year. And one or two points struck me in that discussion. Gentlemen who came from Mysore said that the borrowers, having pledged their land to the Land Mortgage Banks, could not raise short term credit from other sources and therefore there should be provision for short term credit. He said that such borrowers should be given loans on the security of their property and also short term loans by the panchayatdars not only on the basis of their material assets but also their character and earning capacity. There should also be provision in the by-laws of the Land Mortgage Banks to take possession of the land in cases of default. Valuation of the land is to be considered from the point of view of income. The procedure for amortization is not new to co-operators. That scheme is familiar to the Government and to the people from the operation of the Land Improvement Loans Act. The result of that Act is a great deal of prosperity. Owing to the rise in exchange that concession is not widespread. Credit is required for digging wells. Wells have brought a lot of lands under cultivation and yielded good income to the ryots. They have protected many lands from the failure of crops by the timely supply of water. Further, the productive capacity of the land is also improved. The present Land Mortgage Banks should devote prominent attention to this fact.

About Government aid, it has been stated that the Government will give Rs. 50,000 to a land mortgage bank after it has secured Rs. 50,000. I appeal to the gentlemen who have framed the scheme to insist on the Government to give its financial aid at the start and not after it has secured Rs. 50,000. If the Government finances it firstly, that will open the eyes of the public to know that that bank has the prestige of the Government behind it and in this way there will be an increase in the business of the bank.

Mr. Ramadas said :—

I am glad that the scheme has the approval of the House including Rao Bahadur K. Venkatachariar. We fully a ppreciate his proposition regarding short term credit. I would request the House to support the scheme.

PRESIDENT :—The resolution has been duly moved by the Hon'ble Mr. Ramadas and supported by other speakers. In Bombay, we have not started any land mortgage bank of the type recommended in this resolution. I am glad that Madras is ahead of us in this respect. The scheme outlined by the mover is one with which the House seems to be in full agreement. I think it would be better if the detailed scheme lays down the objects for which loans should be given by the proposed Banks. The Resolution adopted at the last Registrars' Conference does so and may be followed by the proposed committee when drawing their scheme. Moneys should not be advanced except in rare cases for the purchase of land. If you give these banks the power to borrow up to twenty to twenty-five times the share capital, you reduce the percentage of margin on the debentures to 4 or 5. I think the revised scheme may put down the borrowing power to 10 or 12 times the owned capital. It is said in the resolution that the rate of interest on debentures shall not exceed six per cent. We in Bombay have suggested that the money should be raised at a rate of 5 per cent with a guarantee from Government. The Hon'ble Finance Member has expressed his approval of this part of the scheme. If you raise debentures without Government guarantee and without any help from the Government, I think you will set a good example to be followed in other provinces. On the whole, the scheme is fair and workable. Let us work it as the Hon'ble Mr. Ramadas said. The second part of the resolution is about the appointment of a committee to prepare a detailed scheme. The following three names are mentioned in it viz :—

1. The Hon'ble Mr. Ramadas who is taking a keen interest in the subject.

2. Rao Bahadur A. Vedachala Aiyar, an old, retired officer of Government.

3. My friend Mr. Ramachandra Rao, one of the best co-operators in this presidency, nay even in India.

We might allow these gentlemen the right of co-opting two or three members who are experts in finance.

The resolution about the draft scheme was put to vote and carried unanimously.

Messages.

The following messages just then received were read :

The Co-operative Union Limited, Manchester.

HOLYOAKE HOUSE,
HANOVER STREET,
Manchester, 30th March, 1927.

DEAR SIR,

I have your letter dated the 3rd March and note with pleasure that the XV Madras Provincial Co-operative Conference is to be held at Madura early in April. I trust this Conference will be highly successful and productive of good results in the form of increased interest and activity among the members of the societies.

British co-operators are glad to watch the progress of the Co-operative Movement in all parts of India, for they know that its growth will improve the conditions of the people and place in their hands the power of organised self-help and mutual aid that has been of such great benefit to British workers of all types and classes.

In Co-operation, the workers of all lands can help themselves without injuring any, and change their position in society and their social relationship without violence or social upheaval. Co-operation can, and will effect a peaceful revolution in social conditions and at the same time train all its adherents in habits of industry, self-discipline, and self-government. Its growth in India cannot fail to be of great benefit to the whole of her people, and I speak on behalf of all British co-operators when I now send you best wishes for your present success and future prosperity.

Yours faithfully,
A. WHITEHEAD,
General Secretary.

DEAR SIR,

It is with very great pleasure that I have heard of the Provincial Co-operative Conference to be held at Madura on the 16th, 17th and 18th April next, and it affords me very great pleasure to have the opportunity of sending my best wishes for the success of the conference. Co-operators in England watch with very great interest the progress which the Co-operative Movement is making in India. We recognise the many difficulties you have to face in your work and recognise equally the splendid efforts you have made and the great success you are achieving.

As a fellow-worker in a common cause, I wish you success and prosperity in all your work and I trust your Conference will be stimulating and helpful to the further progress of Co-operation in your area.

Yours faithfully,
FRED HALL,
Editor, the Co-operative Educator, Adviser of Studies to the Co-operative Union.

28-3-27.

(*Note : Other messages received after the Conference was over are published at the end*).

Reply to Greetings.

The following resolution was put to vote from the Chair :—

XXII. "This Conference records its appreciation and gratitude to the Manchester Co-operative Union and the Editor of the Co-operative Herald, Mr. Fred-Hall, for sending greetings to the XV Session of the Madras Provincial Co-operative Conference."

The resoluion was passed unanimously.

The Chairman then called on Rao Saheb N. Ramaswami Aiyar to move the resolution of congratulations to the Minister.

Congratulations to the Minister.

XXIII. The XV Session of the Madras Provincial Co-operative Conference hereby conveys its hearty congratulations to the Hon'ble Mr. A. Ranganatha Mudaliar, formerly the Vice-President of the Provincial Co-operative Union, on his appointment as the Minister for developmenu."

In moving the resolution, Mr. Ramaswamy Aiyar made the following speech :—

No words are necessary to explain the resolution. The best evidence of Mr. Ranganatham's love for us is his very presence here. He has come all the way from Madras to be in touch with us, to know what are the practical difficulties facing us, and to give us the benefit of his advice in the solution of difficult and complicated problems that are facing us to-day. We have every reason to congratulate ourselves on the immense good fortune in having secured Mr. Ranganatham as the Development Minister. His love for the people is intense and his desire to know the people's mandate is inordinate. He is one of those band of workers who have subordinated the sense of self to the common weal and who is a real karma yogi. He works for the people without fear of that favours or frowns. It is our great and good luck that we have obtained the services of a Minister who is a real co-operator in every sense of the word. In my address, I have said that this co-operative movement is based upon a spiritual basis. What that spirit is, what that service to humanity is, and what love of humanity is, are things put into practice by Mr. Ranganatham. Every moment of his life and every single action of his life go to show his deep sense of love for humanity. I consider it a rare privilege to move this resolution of congratulations to Mr. Ranganatham.

PRESIDENT :—I want to join with you in opening our congratulations to the Minister. Personally I am thankful to him for gracing this occasion with his presence. We in Bombay have found that when a gentleman who has been in direct touch with the Co-operative Movement becomes a Minister, he is in a better position to give the movement help that it needs as his previous knowledge of the difficulties in the way of the progress of the movement enables him to find remedies to remove the same. I trust your Minister will be able to do for your Presidency what my friend, Sir Chunilal Mehta did in my Presidency when he was Minister. I hope you will carry this resolution with acclamation.

(Loud applause.)

The Minister's reply.

On rising to reply, Mr. A. Ranganatha Mudaliar was applauded and cheered and he delivered the following speech :—

Mr. President and Friends :—First of all allow me to express my heartfelt gratitude to you, Sir, having welcomed me yesterday when I entered this hall and took my place by your side, and brother co-operators for the kind way in which you received and passed these references to me. My thanks are also due to you for the resolution you have passed just now. The President in his telegram to me said that I should be present here without fail, and was good enough to observe that my presence is not only desirable but is also likely to prove very useful. I am not egoistic to feel that my presence is useful here. But I am free to confess that I have profited much by my coming here and listening to your deliberations. I have seen many things. I have heard many things. I have to ponder over many things I think you would perhaps like to know my own opinion in regard to the many resolutions passed by this House. I have no doubt that the vast bulk of you would recognise that the time has not yet come for me to pronounce my opinion in regard to the matters that have been discussed here I can say without any fear of exaggeration that all the resolutions that have been passed at this meeting shall certainly command my sincere and sympathetic consideration (applause). I know 'sympathy' is such a cheap word that is expressed on such occasions. When a man is unable to do anything more than the expression of sympathy, he will say it has his very great sympathy. What will be that sympathy later on cannot be predicted. The other day, you were good enough to pass a resolution in which people who could not find money to pay kist and for other expenses were being permitted to borrow to an extent more than their borrowing capacity and more than the share capital authorised them to take amounts on credit. I do not want you to take me on trust, but I would rather request you to judge me by what has been done in the last few months. The Co-operative Department is humane and tries to understand and sympathise with the difficulties of the people with a view to remove them.

I had a letter from one of my brother co-operators here saying that things were so bad in Tinnevelly owing to the bad season, and co-operative societies could arrest the situation by doing more intensive work and distributing money to the people who are in need of it. As Mr. Ramadas remarked, that request was meant to be made and not to be fulfilled. I am glad to say that, whatever might have been the expectations, it has been my privillege to see that it was fulfilled. 3 Inspectors are employed to carry on intensive work and see that new societies are formed and many new members are enlisted.

The sanction of about Rs. 35,000 was made in another district for purchasing seeds and other things to be distributed on credit till they are in a position to repay. I have mentioned these things not so much as a matter of pride, but only as an indication of the spirit which animates me to do what I can in the service of my motherland. (Applause).

Political Character not Essential to Co-operation.

Something has been said about the appointment of a Committee of Enquiry. I do not want to convert this platform into a political one and I don't want to import politics into this Conference. I may tell you at once that nobody is more anxious than the Government to appoint a Committee of that sort. Our movement has been spreading very fast and quickly. We are meeting here to-day to discuss the many questions which confront us. We are trying to find remedies for them. The Government is also actuated by similar considerations, in appointing a Committee which will go into the question and tell us what is wrong with the Movement at present and suggest ways and means for its improvement and expansion. Soon after the resolution was moved in the Council, I put myself in touch with the prominent workers in the Movement and requested them to tell me what their point of view is and what the terms of reference should be. I do not want to be said that the Government was bent on doing certain things in its own way and they were spending all their resources to have them done. I am glad to say that most of the people have responded to my appeal. They have been telling me as to how the Committee should be appointed and what the terms of reference should be. The terms of reference to the Committee might be on lines similar to the following:—(*a*) to examine the progress made since the Maclagan Committee's report; (*b*) to enquire into the present position and lines of development of the Co-operative Movement and make recommendations; (*c*) to examine the practice and organisation of the financial system and make recommendations; and (*d*) to make recommendations in regard to propaganda, supervision and control of societies and finance. They may also go into the reasons for the comparative failure of Co-operative distribution in India and the question whether Co-operative distribution can be developed at all under Indian conditions and if so how. I have read to you the terms of reference that I have drafted after my consultation with them. Although I feel myself diffident to speak in the presence of people who have grown grey in the service of the movement and who have given their lives for the service of their country, but still it seems to me that I may be given the liberty to say a few words. I want to stress this point that the future depends on co-operation and not on competition. This Movement is meant to initiate a new era. (Hear, hear). I want also to urge on my brother co-operators to bear a few points in regard to the discharge of their functions. The first thing that I would ask is to eschew politics from all co-operative societies. It does not matter in the least whether a member is a Justicite or a Swarajist—what he should consider is whether he is able to stand by the motto of the society 'each for all and all for each.' Do not suspect your brother co-operators, nor attribute any bad motives to them. Always select the best men in your societies. I have been an official along with my brother who is sitting opposite to me, and I know how appointments are made. I may quote one instance here. In appointing a school teacher, I should not consider the benefits and conveniences I would get by appointing him, but what will be the condition of the 40 pupils to whose care they are committed. We do not hand over our daughters to the first man who came to us but select the bridegroom. Similarly we should exercise our franchise. We should remember that it is the interest of the inarticulate masses we represent and we must always select the best men for the work they have to do.

Co-operation is second to none in the whole world. The more one works for it the greater is its fascination. It is a thing which gives us everything that we need—industry, thrift etc. This movement has a very great future and a very important part to play in this country.

Rural Reconstruction.

If our country is to advance and make its real place in the world, can you ever dream of that coming to pass without rural re-construction and co-operation? How can you carry on the work satisfactorily unless you have a co-operative society to further the cause of the villagers? I want that every one of us should love the movement for the sake of co-operation and not for the offices which it may bring in its train. Let us understand the Movement as having given us an opportunity to serve our fellowmen. We must see that the thing we love is really progressive and is making rapid strides. We must take joy in the success of our brother and regret when he goes wrong. That is the spirit which we are to bear in mind. If we have these ideals and duties in common, and if all of us are actuated by the single motive of advancing co-operation in the country, I have no doubt that many of the problems which you have been discussing to-day can be solved much sooner and more easily perhaps than you and I have any idea of. (Loud and continued applause).

Next Conference at Nellore.

The President then called on Mr. O. Visvanatha Rao, President, District Federation, Nellore, to move the resolution inviting the next Conference to Nellore.

Mr. Visvanatha Rao in inviting the Conference said:—

Though our town (Nellore) is not so big and rich as Madura, please take it from me that the people of Nellore will be as earnest as the people of Madura to make the next Conference a success. I request you all to attend the Conference in our town next year and make it a thorough success. This is the first time that the people of the Andhra Districts have been asked to organise the Conference. We are proud of the privilege given us and no efforts will be spared to make your stay comfortable and useful.

Mr. Raghavachariar, District Bank, Nellore, seconded the resolution of invitation. The President put the resolution and declared it carried unanimously.

XXIV. "That the invitation of the next Conference to Nellore be accepted with thanks."

The Conference closed its proceedings at 3 P.M. to meet again at 3.45 P.M. the same day.

CONSUMERS' CO-OPERATION.

Credit in Stores.

The fifth Session of the Conference began its sittings at 3-45 P.M. The resolutions reconmmended by the Committee No. III were then taken up. The first resolution runs thus:—"This Conference recommends that every Consumer Society may be permitted to have a credit branch provided the accounts are maintained separately." Mr. V. Saranatha Ayyangar speaking on the resolution in Tamil, dwelt on the importance of having a credit branch attached to every consumer society. He said that if they did not allow credit in their co-operative societies, the ryots would go to the retail shopkeeper who gives them credit, and ultimately they ruin themselves. There were two societies, one in Madras and another in Madura. In Madura, the division between the two branches has taken place, while in Triplicane, the matter is under consideration. By purchasing on credit, the ryots gain ultimately. For an interest of 2 pies in the rupee is charged by shopkeepers while a bonus of 3 pies is allowed to him besides the interest on share capital in the stores. He therefore strongly pleaded in the interest of the ryots for the formation of a credit branch to every consumer society.

Mr. V. K. Menon opposed the resolution. He blamed the societies for their not buying things cheap enough. He advocated better care in buying things and selling things cheap enough. This was from his own experience.

Mr. T. Srinivasa Rao also opposed the resolution. In his view, the resolution will act as a mill-stone round the neck of the consumer movement, which is still in its infant stage. Last year, they passed a resolution to the effect, that in the interest of the distributive movement the credit and non-credit functions should never be combined in the same society. He did not know what special reasons were urged in support of this resolution while such an emphatic resolution was passed last year. (Hear) He opposed the resolution strongly on the ground that it would lead to the extinction of the consumer movement.

Mr. Srinivasa Raghavachari gave an account of the separation of the credit branch in the Madura stores and concluded that this mixing up depletes the resources of the stores section.

Dewan Bahadur Ramachandra Rao remarked that the resolution was unco-operative. So far as urban places were concerned, the principle should not be applied. But he thought that this principle might be applied with advantage in rural areas where the conditions were different. So, he would amend the resolution accordingly.

Mr. M. K. Venkatachariar also spoke on the motion and opined that credit facilities should be available in rural areas.

Mr. K. Ranga Rao in opposing the resolution, said that a member got credit from the credit branch, deposited it in his trade deposit account, and as soon as it was exhausted, he never came back to the stores again. Secondly, the

management alone could realise the difficulties in maintaining the credit section. He appealed to the delegates to oppose the resolution.

The President said that as a co-operator he would like to oppose the resolution. He did not want a combination of the consumer society and the credit society. In urban areas, it was absolutely unnecessary. The next question is whether some facilities should be given in rural areas. Mr. Venkatachari said that in rural areas they were making certain arrangements and giving advances against produce, and that in similar manner, something could be done to give facilities to make purchases. If there was a credit society, and if persons had no money, they should go to the credit society, get some kind of note from it, and then present it to the stores, and purchase the articles they require up to the amount in that note.

Mr. Adinarayana Chetti explained the President's speech in Tamil. Mr. Parameswarayar said that there was provision in the bye-laws for joint purchase in rural areas. The President asked whether they liked any facilities to be given and if so, he would drop the resolution. The resolution was then, by leave, withdrawn.

The second resolution was moved from the Chair. Mr. Sivaswamy raised some doubts regarding the money required for the dissemination of commercial information. The following resolution was carried unanimously.

Information Bureau.

XXV. This Conference recommends the formation of a League or federation of stores: pending the formation of such a league, the Provincial Co-operative Union be requested to arrange for a sub-committee for the purpose of collecting and disseminating commercial information for the benefit of co-operative stores.

The third resolution was also read from the Chair. It runs thus:—

III. This Conference recommends that wholesale purchase and supply societies be formed at convenient centres for the purpose of purchase of goods wholesale and supplying them to other Stores and Societies affiliated to them. Pending the formation of such wholesale societies, the Triplicane Urban Co-operative Society be requested to supply the existing Stores and Societies at a profit not exceeding one per cent over their cost price.

The President thought that they had no right to dictate to the Triplicane Society what profit they should make. They might request them to supply them at a fair profit. Mr. V. Saranathayengar explained that the Triplicane Society was hitherto charging a commission of 2 per cent, and in a talk with one of the members of the Board of Management he was told if they passed a resolution to this effect, the Triplicane Society would be able to oblige them. But the President said that it might be a private arrangement and that this Conference had no right to pass such a motion. Mr. Sivaswamy said that a Committee had been appointed last year consisting of Mr. T. K. Hanumantha Rao and others, that that Committee had not yet submitted its report, and that therefore, they might pass on to the next resolution. Mr. Sivaswamy's motion to pass on to the next resolution was then put to vote, and declared carried.

Propaganda by the Triplicane Stores.

The following fourth resolution was then moved from the Chair and carried unanimously.

XXVI. This Conference recommends that the Triplicane Urban Co-operative Society be requested to undertake propaganda in consumers' co-operation in mofussil centres also.

Cottage Industries and Free Expert Advice by the State.

Mr. Krishna Menon, in speaking on the fifth resolution, said that this resolution was intended to relieve the skilled labourers living in the village and who were suffering from want of capital. The resolution was put to vote and carried unanimously. The sixth resolution, being a non-controversial one, was moved from the Chair and was declared carried unanimously.

XXVII. This Conference is of opinion that Co-operative Societies be organised throughout the presidency for small cottage industries like spinning and weaving of cotton, wool, coir-making, basket manufacturing out of bamboos etc., match factory, button manufacturing etc.

XXVIII. This Conference requests the Government to supply expert advice on industrial and agricultural matters free of cost to co-operative societies.

BUILDING SOCIETIES

Return of Share Capital

Mr. G. Srinivasa Aiyar of Dindigul made the following speech in Tamil and explained why share capital should be returned to members if the M. B. P. of the society were not affected thereby.

One chief impediment in the way of the Society becoming popular and more members joining it, is that the share capital paid by members is not returnable and if at all it can be returned only up to 75 per cent of it. This rule ought to be abolished altogether immediately. By-law No. 8 prohibits withdrawal of the share capital altogether unless it be at a time when the paid-up share capital of the Society is equal to or more than the outside liabilities of the Society including loans from Government. This state of things will never happen in the life-time of a Society because the borrowing capacity of the Society is 1 to 4. When the paid-up share capital of the Society is Rs. 100, the Society can borrow Rs. 400 from Government. While that is so, the millenium will never arrive when the paid-up share capital of the Society will be just equal to or more than the liabilities of the Society. This bylaw means therefore that the share capital is not returnable to members at all even though the members have discharged their loans in full. It must be so amended that the share capital paid-up is made returnable to the member without diminishing the borrowing capacity at any given time. To illustrate, suppose the

paid-up share capital of the Society is Rs. 1,000 and the liabilities of the Society to Government amount to Rs. 4,000. By fixing the borrowing capacity as 1 to 4, the Government must be taken to be satisfied with the security of person and property of the members who have contributed by way of share capital $\frac{1}{4}$th of the amount advanced by Government as loan to the Society. The first charge which the Government have in addition over the buildings is amply sufficient; therefore, the provision that the share capital ought not to be returned at any time is hardly reasonable and must be taken away at once if the Society were to work at all and become popular. To take a concrete instance the Society's paid-up share capital is Rs. 2,000 and its liability to Government is Rs. 8,000. At this stage, a member applies for withdrawal of the share capital; certainly, it cannot be allowed. Suppose that some time later, the paid-up share capital increases to Rs. 3,000 and the liability of the Society to Government continues to be Rs. 8,000. It stands to reason that the share capital of the member who wishes to withdraw it may be returned to him up to a maximum limit of Rs. 1,000. By returning the share capital at this time, the security of the Government is not in any way impaired and the members themselves will feel that they are sure to get back their amounts at least after their loan is discharged. It is this rule, I may positively assert, that stands mostly in the societies becoming popular and attracting greater number of members. Even so many applicants, walk out when this by-law is read and explained: most often persons who joined the Society originally with the object of constructing houses out of loans taken from the Society change their minds on the happening of unforeseen and unavoidable contingencies and there is no object in insisting that even such members ought not to withdraw their share capital when the security of the Government is not in any way impaired as explained above. As a sort of palliative against the rigidity of by-law No. 8, by-law No. 9 allows assignment of shares taken by members. Assignment of shares for their full value is not possible and therefore the members have to show to the purchaser some, sometimes large, concession by way of foregoing a portion of the amount actually paid by them. By-law No. 13 which deals with the defaulting members seems to be more liberal than by-laws Nos. 8 and 9. Under by-law No. 13, a member who has defaulted is placed in a more advantageous position; there is a provision that the share capital *should be paid back* when the Society re-allots the share of the defaulting member to some other member. So the present state of by laws is such that honest members are placed at a disadvantageous position while defaulting members are given some advantage. These three by-laws must be liberalised and a fresh by-law framed for enabling the members to withdraw their share capital.

Mr. Raghunathachari of Anantapur also spoke on the resolution.

Mr. Gangadhara Sastri, in opposing the resolution, said that allowing members to get out of the society as soon as they liquidated their debts would launch them into many difficulties. The bye-laws have been framed after due consideration. This resolution, if passed as it stood, was liable to be misunderstood by the Government.

Mr. Venkatarangachariar said that those who have liquidated their debts could transfer their share capital to the new members who wanted to benefit from the society.

Mr. C. Ranganatha Iyengar said that he considered it not equitable that a member after enjoying the amenities provided by the society should be allowed to go out of it. His share capital might be reduced but not altogether returned to him.

The Joint Registrar said that the matter was viewed by the Government favourably. The President then put the resolution to vote and declared it carried.

XXIX. This Conference strongly urges upon the Government that building co-operative societies be permitted to return the share capital of such members who have liquidated their debts to their societies provided the maximum borrowing capacity of the society is not affected by such repayment.

Rate of Interest

Mr. Srinivasa Aiyar then moved the second resolution and said :—

The rate of interest charged by Government seems to be very high. It is common experience that house property fetches at most only 6 per cent out of which we have to deduct rates and charges. A member who is paying a rent of Rs. 10 monthly, if he wants to have a house of his own with the same facilities, will have to invest Rs 2,000. By borrowing Rs. 2,000 for building the house he has to pay back every month Rs. 16 and odd as equated paymeuts. The interest must be so reduced that it does not on any account exceed 6 per cent. For this the Government will have to lend to Societies at lesser rate of interest, say 5 per cent, and the Society will then be in a position to lend members at 6 per cent getting a margin of 1 per cent for working expenses.

The President said that, in asking Government to do a certain thing, it should be of such a nature as would be sanctioned by them. He therefore wanted to modify the resolution as follows : –

XXX. 'This Conference urges upon the Government the desirability of lending to Co-operative Building Societies at a rate of interest not exceeding half per cent above the rate at which they borrow from time to time, as the present rate of six and a half per cent is too high.'

The amended resolution was put to vote and declared carried unanimously.

Period of Repayment.

The ninth resolution was moved from the Chair, and declared carried unanimously.

XXXI. This Conference requests the Government to extend the period of repayment from 20 to 30 years.'

Collection of interest.

The mover in explaining the tenth resolution said :—

At present, 10 months are allowed for the construction of a house. The financial condition of a member of ordinary means just at the time when he finishes building his house can better be imagined. He will be under an obligation to so many and he would have to meet the demands of various persons for many minor items of work and cost of materials etc. Yet the rule imperatively requires that the interest should be paid the moment the house is finished. This is a very difficult condition to be complied with. Personally, I experienced the difficulty and I had to apply to the Society for extension of time for paying the balance of interest which fell in arrears. When the construction was going on, a member cannot be expected to be paying interest. The moment the construction is finisbed, he will find it difficult to pay the interest which accumulated from the date of the first instalment, which must at that time be necessarily pretty large. Therefore, it is suggested that at least a period of six months must be given for payment of interest only and the equated payment may be begun from the 7th month after the completion of the building.

The President remarked that the sense the mover wanted the members to understand was not conveyed in it. Hence he proposed to add the words "by the Society without in any way interfering with the equated payments made by the same." With this amendment, the resolution was carried unanimously.

XXXII. This Conference recommends that the Co-operative Building Societies be allowed to collect interest accrued up to the completion of the building in 12 equal instalments commencing from one month after the date of completion and that the re-payment of interest to Government be permitted to be made in the same manner by the society without in any way interfering with the equated payments to be made by the member.

The eleventh resolution was then moved by Mr. Srinivasayar.

"This Conference recommends that the Government be requested to exempt Co-operative Societies from all taxes uuder Municipal and Local Boards' Acts". The President asked the House whether they would like the Government to interfere in the affairs of Local Boards and Municipalities.

Dewan Bahadur R Ramachandra Rao opposed the resolution as unco-operative.

Mr. Sivaswami proposed "that in view of the fact that the resolution was unco-operative and also in view of the fact that certain societies would be embarrased in their agitation against profession tax, the House pass on to the next resolution."

Dewan Bahadur Ramachandra Rao seconded Mr. Sivaswami's resolution. This was put to vote and carried unanimously.

State facilities for Labour Contracts.

Resolution 12 was moved from the Chair and carried unanimously;

XXXIII. "That Government be requested to instruct the officers of the Government Departments and Municipal and Local Boards to entrust Co-operative Labour Unions and Societies with the execution of works in preference to private Contractors."

Rural Reconstruction—State facilities.

The President proceeded to consider the resolutions of Committee IV when four other resolutions under Committee III were handed over to him. But he said that the first resolution under Committee IV being an important one, they might discuss it, and then take up these four resolutions.

The President asked the delegates to have a general discussion on the resolution as he wanted to know the lines on which rural reconstruction work was to be undertaken.

Mr. Venkatarangachariar, explaining in Tamil what he understood by rural reconstruction, said that many schools might be managed by co-operative societies, might disseminate knowledge, and that they could attend to the various other needs of the village education, agriculture, etc.

Mr. Sivaswamy in speaking on the resolution said that clear views were necessary regarding any scheme of rural reconstruction. It was only two years ago that the Registrar replied that he could not consent to the running up of compulsory education or the village panchayat court with the co-operative society. The Chairman of the Reception Committee referred to this aspect of the question in the following terms:—"What the Village Panchayat Act means to achieve by granting certain legal sanctions to the village organisation for ministering to social and civic needs, the co-operative society supplies the frame-work for organising Banking, Agriculture, Trade and Industry on the basis of mutual service as opposed to that of profit.". Rao Bahadur N. Gopalasamy Aiyengar in his presidential address at Trichinopoly last October made a lucid speech on the respective functions of the panchayat and the co-operative society. "What is needed now above everything else is the establishment in each village of a governmental authority constituted in accordance with the principles of modern democracy and clothed with legal sanctions for enforcing its will in matters of common concern. The essential condition precedent to the efficient functioning of such an authority is that no resident of the village can escape its jurisdiction unless he ceases to reside or have property therein and that it should have power, in the interests of the public welfare, to restrict individual liberty and punish individual license. The co-operative organisation, though deriving authority from a statute, can cater only to a limited clientele who came into it willingly and can go out of it at their pleasure. Its functioning is besides restricted. The revivification of our village community involves activities for which coercion of the governmental type is indispensable. The co-operative society, however efficiently it may be developed, cannot therefore be a substitute for the village panchayat." These quotations should indicate to any one that the co-operative society should restrict itself to the economic development of the area.

On this question, the speaker said that Mr Ramadas and himself had placed before the Royal Commission a scheme for making Local Unions function as Development Associations of their respective areas. He concluded by saying that we should have these two clear points of view, the establishment of panchayets for village administration and co-operative societies for the economic development of the area.

Mr. Shiva Rao dwelt on the importance of the Village Panchayat, and said that the co-operative movement could discharge only one of the functions to be don in the village.

Mr. Venugopala Naidu in supporting the motion said that they should try to improve the productive capacity of the villager.

Mr. Satyanarayana also spoke on the resolution in Telugu

Mr. Ramadas said that co operative societies could do a number of things. Co-operative education, including agricultural education, can be imparted effectively through co-operative societies. Secondly, one member said that the co-operative movement has not worked well and rot has set in, and that we cannot do other activities. The rot has set in because of the economic condition of the villagers. Therefore their economic condition should be improved. There is the cottage industry which can only be solved by co-operative societies. There is the question of economic survey. For all these, co-operative societies are the only agencies.

Mr. Venkasami Rao said that Mr. Gopalasamy Aiyengar had also said that "Co-operation can but touch the fringe of rural reconstruction." The only thing that co-operators can do in the matter of rural reconstruction is, as Mr. Ramadas put it, to improve the economic condition of the ryot. He also dwelt on the factious spirit in the village and also the low moral outlook there.

Mr. Ananda Rao opined that there was no connection between the co-operative movement and village reconstruction.

The President speaking on the resolution said that one took rural reconstruction as meaning economic reconstruction, and another as religious and spiritual reconstruction. He believed that the villagers were more honest than townsmen. He exhorted the House to utilise the village panchayats which he believed were alive in this Presidency. They can have Taluk Associations, as in Bombay, consisting of representatives of the village panchayats, representatives of the co-operative movement and two officers of Government, one from the agricultural department and one from the co-operative department. The Government should be approached for grants-in-aid. The work has got to be done. If the resolution is accepted, it will be merely one step towards it. There is nothing wrong in accepting the resolution as it is, because it does not prevent activities in other directions.

The resolution was put to vote and declared carried by a majority.

XXXIV. That the Government be requested to render all facilities through their officers (Health, Educational, Agricultural Development departments) to the co-operative societies in carrying out the work of rural reconstruction.

A Committee for reconstruction proposals.

The President then read the next resolution about the formation of a Central Investigation Committee with the names of members for making a rural survey and submitting reconstruction proposals.

Mr. P. K. Sastry opposed the resolution on the ground that the Provincial Co-operative Union might be requested to consider the question and that there was no use in increasing the number of committees. The President revised the resolution in the following form in consonance with the wishes of the House and declared it carried.

XXXV. 'That the Executive Committee of the Provincial Co-operative Union be requested to consider and report on the best possible scheme of rural reconstruction through Co-operative organisations and other agencies.'

The president put the following resolution to vote, five minutes before the stipulated time 6 p.m., for closing the proceedings of the Conference, without allowing any speeches thereon.

Subsidies for godowns

XXXVI. That Government be requested to make subsidies to rural loan and sale societies for the purpose of building godowns. (Carried by a majority.)

That this Conference recommends that the President of the Hindu Religious Endowments Board and the Director of Public Instruction be requested to direct the officers of institutions under their control or supervision such as temples, chatrams, hostels etc., to make their purchases in the co-operative institutions of the locality in preference to purchases from private merchants. Lost by a large majority.

Reduced interest rate for Loan and Sale Societies

XXXVII. This Conference recommends to the Central Banks that the rate of interest chargeable by them to loan and sale societies be one per cent less than the rate charged for the loans of credit societies. (Carried by a majority.)

State aid for clerical service in labour societies

XXXVIII. This Conference recommends to the Government to render financial aid to all labour and depressed class societies for payment of remuneration to persons for clerical work done by them for such societies. (Carried unanimously.)

Resolutions not Considered.

The following resolutions of Committee IV could not be considered for want of time.

1. That each union do gather information from Rural Societies attached to it under the following heads:

   1. Cottage and other industries now obtaining in the village.
   2. Old and dying industries that can be revived with profit.
   3. New industries that can be started; and to draw up a consolidated report based thereon for submission to the Development Minister through the Cottage Industries Enquiry Committee.

2. That Rural Reconstruction be attempted in the following practical manner by Co-operators:

   (a) By consolidating and expanding the activities to benefit the agriculturists not only in the field of credit but also in the fields of production, distribution and consumption by securing the help of the Department of Agriculture and Industries whenever necessary.

   (b) By arranging for lectures, libraries, distribution of pamphlets and leaflets, magic lantern exhibitions and holding of classes to officers, members of societies and the public.

3. The Conference reiterates the resolution of the previous Conferences regarding the inclusion of 'Co-operation' as a compulsory subject in the curricula of studies in schools and colleges and the writing of suitable text books for use in such institutions.

Vote of thanks.

The Hon. Mr. V. Ramadas, President of the Madras Provincial Co-operative Union called on Mr. G. Srinivasaraghavachariar to propose the vote of thanks, in the unavoidable absence of the Chairman of the Reception Committee. Mr. Srinivasaraghavachariar conveyed the best thanks of the delegates to the President for the excellent manner in which he conducted the proceedings. He also said that Co-operators in Madras could not be too much thankful to the President for consenting to preside in this warm weather at a hot place with much inconvenience to himself and at the sacrifice of his valuable time and leisure. He then thanked the Registrars of Ceylon, Pudukottah, and Travancore for being present on the occasion. He requested the delegates to forget and forgive any mistakes which might have occurred in the arrangements for the Conference. The presence of the Minister for Development, Mr. A. Ranganatha Mudaliar, Mr. Hood, the Registrar of Co-operative Societies, Rao Saheb K. Devasikhamani Mudaliar, the Joint Registrar, and the several officers of the Department, he said, showed the growing cordiality between the officials and the non-officials. He congratulated the co-operators for the Providential entry, in this hour of crisis and transaction into the ranks of non-official Co-operators, of Dewan

Bahadur R. Ramachandra Rao, C. S. I., a gentleman of dynamic personality and all-absorbing zeal for the upliftment of the ryot. He also referred to the good fortune of the movement in having obtained the services of retired officers as Rao Bahadur A. Vedachala Iyer, Rao Bahadur M K. Venkatachariar and Rao Sahib T. Srinivasa Rao. Three hundred and twenty seven representatives of Local Unions, District Federations, Provincial Institutions and Limited Societies have registered themselves as delegates, not to speak of the members of the General Body of the Provincial Union and a few representatives of rural primaries who took part in the deliberations as non-voting delegates. About 150 gentlemen have enlisted themselves as members of the Reception Committee. Larger donations have been received, Rs. 500 from the Cardamom Banks and Rs. 250 from the Madura-Ramnad Central Co-operative Bank. A number of gentlemen and other Institutions have also contributed to the expenses of the Conference. The Madura District Co-operators' Association and the Scout Troop have splendidly behaved and done their yeoman service to the Conference. On behalf of the Conference Committee, he said, that it would be discharging a bare act of duty in expressing its sense of gratefulness to the authorities of the Edward Town Hall, the Madura College, the Sethupathi High School and the American Mission High School for placing at the disposal of the Conference their buildings free of charge. He also referred to the hearty Co-operation of the Co-operative Stores in the town in supplying provisions for the Conference. Finally, he thanked the Departments of Agriculture and Industries for giving an excellent exhibition.

Mr. P. Krishnasami Sastri and Mr. E. S. Sunda seconded and supported the proposition of vote of thanks.

Mr. R. Thatbachariar replied to the vote of thanks on behalf of the delegates.

Mr. Sivaswamy expressed the thanks of the Conference and the Provincial Union to Mr. L. Dharmaraja Iyer, Secretary, M. R. C. C. Bank, and Mr. P. Krishnaswami Sastry, Vice-President of the M. R. C. C. Bank, and their Assistants for their excellent arrangements of the accounts, Boarding, Lodging and Conference sections.

Mr. Ramadas in tendering his vote of thanks said that when he dwelt on the qualifications of Sir Lallubhai in proposing him to the Chair he omitted two of his qualifications. He had his own reasons for doing so. Sir Lallubhai was for some time in the Executive Council of the Bombay Government. He (Ramadas) did not refer to this fact because Sir Lallubhai accepted this, resigning his place in the Council of State where he was one of the most progressive men. He was again one of the members of the Indian Mercantile Committee. The Committee's proposals were not given effect to by the Government and since his labours were wasted, he did not refer to this also. Mr. Ramadas once again thanked the Chairman on behalf of them all.

President's Closing Speech.

The President in replying said :—

Hon. Mr. Ramadas, Chairman of the Reception Committee, and Brother Co-operators! Before I begin to say anything in reply to the kind vote of thanks proposed by Mr. Srinivasaraghavachariar in the absence of the Chairman of the Reception Committee, and seconded by various speakers and carried in such good spirit, I want to know what is the time limit fixed for my speech either by Mr. Ramadas or by Mr. Srinivasaraghavachariar. (Mr. Ramadas: Any length of time) To begin with, I sincerely thank the Chairman of the Reception Committee, the Reception Committee, and the representative who looked after me while I was in Madura, I mean Dewan Bahadur Mr. P. R. Narayana Iyer who was good enough to get me a very decent house placed at my disposal. I have been very comfortable there. I am very thankful to this Conference for the splendid way in which they have assisted me in carrying out our programme. No President, however capable he might be, can do anything by himself. He wants the co-operation of all. I am proud to say that I got the help of all. It was a misfortune that I did not understand the vernaculars. Owing to that defect, I was not perhaps able to do as much justice to the prominent speakers in Tamil and Telugu as I would have liked to do. (No, no). All the same, wherever I have ruled them out of order or asked them to sit down, and did not understand what they were saying as I was not able to follow them, they were good enough to obey the orders of the Chair. It is that spirit of comradeship that helped me to carry on the proceedings to a success, which I believe you all take it to be. If it was a success the credit is not due to me but due to all. Thanks have been given by Mr. Srinivasaraghavachari to one and all. I join heartily in all that he had said: The volunteers have been splendid. The Press in your presidency is grand. The day after the Conference began, I saw that most, if not all the papers, gave ample space to my speech and recorded their comments in very kind terms. I think so much interest is evinced by the Press, because you all are agreed as regards our goal, viz., that of making the movement, a purely non-official movement. It is really very good on their part to support a movement on which depends the amelioration of the vast masses. I have expressed strongly in the evidence I gave before the Royal Agricultural Commission that both the non-officials and officials have for a very long time ignored the agriculturist. I believe, I am not wrong in saying, that it was Mahatma Gandhi who first went into the root of the question. He said the village was the real unit on which you ought to build the national edifice.

The co-operative movement is the movement which touches the masses. It is an irony that that movement should have received its inception in the time of one of the most autocratic Viceroys that we had, Lord Curzon. And in spite of his autocracy, in spite of differences between him and the leaders of public opinion, we cannot help feeling that in introducing that measure he has served the country in a way which no other Viceroy has done. He has sown the seed It is up to us that the seed grows to its fullest height. Are we prepared to do it? I believe that the older people who have retired from service are prepared to give their time to make the movement a success. Why should Messrs. Ramachandra Rao, Vedachala Iyer or Venkatachariar come here and take all this trouble if they had no faith in the movement, if they had not believed that by helping the movement they were helping their poorer brethren in the villages. I won't go so far, as Mr. Ramachandra Rao has told me privately. He says he feels that he has committed or must have committed various sins as a Government official, and he wants to wash those sins by service for his poorer brethren. What he frankly says might be at the back of a friend here and there. They feel that they owe some duty to the people whose bread they were eating while in the service. And under their guidance, there is no reason why the younger men should not come up to the mark and work for the regeneration and reconstruction of village life. Unless the younger generation has a desire to study at the hands of the older generation who had experience, progress will not be as marked and as rapid as it ought to be.

This is a movement in which the young and old can work together, the young with their eyes towards the future, and the old with the lessons of the past. And with a friend and leader like the Hon'ble Mr. Ramadas Pantulu who, though a new recruit to the movement, has shown commendable zeal in working for it, the progress of the movement is assured.

I will now come back to the personal side. You gentlemen have been all good to me. You said that the warmth of your affection and your feeling will make me forget the heat of the sun. It has done so. I found new friends and renewed old friendships. And I go back to my presidency with a really high opinion of the work that has been done by the co-operators in this Presidency.

Though we all may not see eye to eye with one another, we must keep the basic principles in front and adapt ourselves to local conditions and realise the duty that we owe to the masses. We should sink all our personal differences at least so far as work for the movement has to be done.

Continuing he said, "Let us forget for the time being that we are Brahmins or Non-Brahmins, Hindus or Muslims, Swarajists or Moderates. Let us for this purpose all work together, and if we do so, the future is sure to be bright. I need not say anything more. I thank you one and all, Gentlemen, very heartily for all the arrangements that you have made for my comfort. I leave Madura to-night after making my obeisance to the Goddess who presides over this city and after learning a great deal about the state of co-operation in this Presidency. Gentlemen, I thank you very heartily."

The XV Session of the Madras Provincial Co-operative Conference closed its proceedings at 7 p.m. with the Scouts' National songs, to meet again next year at Nellore during the Easter.

MESSAGES RECEIVED LATE AND NOT READ AT THE CONFERENCE.

G. Heard Esq., Secretary, The Horace Plunkett Foundation, London.

Sir Horace Plunkett was indeed sorry that owing to his absence from home, your letter asking for a message to the Conference only arrived when it was too late even to cable one. He is therefore writing a few words to you to express his interest in the cause of Agricultural Co-operation in India and to wish success to all who are striving to put into force the ideals of co-operators the world over. As you are no doubt aware, His Excellency the Viceroy as well as all the Registrars of Co-operative Societies have become members of Sir Horace's Foundation and there is no field in which he believes the services which it was founded to render to Co-operation can better be employed. That all who in India are faced with problems of organisation should use the foundation writing to it their difficulties and asking for its advice, is his earnest hope and wish. For the rest he hopes that all agricultural co-operators will remember that his formula, Better Farming, Better Business and Better Living are the three sides of the successful approach to the solution of the Rural Problem, the uplifting of the peasant cultivator and the solution of the gravest problems of civilisation whether of the East or of the West.

He sends you his best wishes for the good work in which you are employed.

The Editor, The "Producer", Manchester.

At a time when India is aspiring to autonomy in affairs of the State, it expressly behoves the masses of India to develope their economic organization and to attain to the collective control of their own destinies in the sphere of economic affairs.

By collective, otherwise co-operative, effort rightly directed and applied, all things are possible, and as economic uplifting and enlightenment of the peasants and the workers is India's greatest need, so in combined effort lies their hope of economic salvation. Not only this, the success of co-operation will constitute the most expressive token of India's awakening and the potent augury for the success of Indian Home Rule.

With co-operative greetings to the Conference coupled with the wish that the Conference may prove itself a source of light and learning to the Co-operative movement in India.

Charles E. Tomlinson Esq., Editor, The Millgate Monthly, Manchester.

"East is East and West is West," says Rudyard Kipling, "and never the twain shall meet." That may be good poetry, but it is very bad philosophy. And the lie direct is given by the fact that the whole western world sits at the feet of one of the greatest sons of the East, Rabindranath Tagore, revelling in the rich beauty of his golden words and drinking in the inspiring wisdom of his teaching.

There can be no true progress of humanity until East and West do meet. And, after all, are we in the West not the wandering children of the Aryan fathers whose home was India? Genius, greatness, and goodness belong to no nation, but to all nations. And if there be a backward people, it is the duty of the more advanced to help them forward for the common good of all.

We of the great Co-operative Movement of the West greet you of the growing sister movement of the East. We wish for you sure foundation, sound progress, and sane achievement in your co-operative endeavours for the building up of the economic independence of the great masses of India. And may none of us, Eastern or Western, ever forget that whilst Co-operation is based on things material, its essence is purely spiritual: and that the principle of it is eternal—the Fatherhood of God and the Brotherhood of Man.

Cedric Long Esq., Secretary, The Co-operative League, New York.

The Co-operative League of the U.S.A. wishes to extend to you its most cordial greetings and congratulations on the occasion of your Fifteenth Conference. We regret that it is impossible for the American co-operators to send a delegate to meet with you.

Co-operation in America is still a young movement struggling against great odds, and we wish to congratulate the co-operators of India upon the remarkable progress they have made, particularly in the development of co-operative credit.

Wishing you the very best of success in your deliberations and continued progress during the year 1927.

The Secretary, The Punjab Co-operative Union, Lahore.

The Punjab Co-operative Union, Lahore, wishes success to the Conference and to Madras Co-operators.

Mr. George Keen, General Secretary, The Co-operative Union of Canada.

I hope, that the function will prove to be a very successful one, and one which will promote the satisfactory progress of the Co-operative Movement in your province.

THE MADRAS CENTRAL URBAN BANK, LTD.

Gold Standard and Reserve Bank Bill

Resolution of the Executive Committee.

Considered the Gold Standard and Reserve Bank of India Bill and resolved that the following modifications be incorporated in the Reserve Bank Bill:

(A) A Department of Rural Credit be constituted as an integral part of the Reserve Bank to satisfy the Long and Short Term credit needs of the agriculturists.

(B) In the alternative to make suitable amendments in the Bill so as to provide for

(*a*) the inclusion of the Provincial Co-operative Banks in the First Schedule of the Bill;

(*b*) the business of discounting Bills of Exchange or granting loans and cash credits for financing agricultural operations being done preferably, if not solely, through Co-operative Banks;

(*c*) the existing credit facilities enjoyed by Co-operative Banks being embodied in the agreement between the Imperial Bank of India and Reserve Bank;

(*d*) the obligatory sale, purchase, discount or rediscount of the Debentures of the Land Mortgage Banks.

THE XV MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE.

Consolidated Statement of Receipts and Charges

from 2—3—1927 to 26—6—1927.

RECEIPTS.

PARTICULARS.	AT MADURA. Rs.	A.	P.	AT MADRAS. Rs.	A.	P.	TOTAL. Rs.	A.	P.
1. Delegation fees ...	672	0	0	2	0	0	674	0	0
2. Reception Committee fees ...	700	0	0	...			700	0	0
3. Boarding ...	551	2	0	...			551	2	0
4. Lodging ...	145	8	0	...			145	8	0
5. Donations ...	1,493	0	0	60	0	0	1,553	0	0
6. Sale of Badges ...	1	8	0	...			1	8	0
7. Sale of Notes and papers ...	6	0	0	...			6	0	0
8. Advances of P. C. U.	20	0	0	467	1	0	487	1	0
Total ...	3,598	2	0	529	1	0	4,127	3	0

CHARGES.

PARTICULARS.	AT MADURA. Rs.	A.	P.	AT MADRAS. Rs.	A.	P.	TOTAL. Rs.	A.	P.
1. Establishment and contingencies ...	158	15	8	33	11	6	192	11	2
2. Postage ...	55	10	6	93	15	0	149	9	6
3. Stationery ...	68	11	8	38	10	0	107	5	8
4. Printing Charges ...	191	14	6	255	12	6	447	11	0
5. Badges ...	23	15	6	...			23	15	6
6. Furniture ...	197	2	0	...			197	2	0
7. Boarding ...	1,338	11	1	...			1,338	11	1
8. Lodging ...	202	11	0	...			202	11	0
9. Conveyance charges ...	226	4	6	...			226	4	6
10. T. A. to workers ...	175	0	0	107	0	0	282	0	0
11. Investments ...	927	6	0	...			927	6	0
12. Cl. Balance ...	31	11	7	...			31	11	7
Total ...	3,598	2	0	529	1	0	4,127	3	0

(Sd.) L. DHARMARAJA IYER,
Treasurer.
26-6-1927.

(Sd.) N. RAMASWAMI IYER,
Chairman R. C.
27-6-1927.

THE FIFTEENTH
MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE.

Estimated Assets.

		Rs.	A.	P.
1.	Typewriter ...	125	0	0
2.	In Bank... ...	927	6	0
3.	On hand ...	31	11	7
	Total	1,084	1	7

Estimated Liabilities.

		Rs.	A.	P.
1.	Advances by P. C. U.	487	1	0
2.	Bill of C.C. P. Works	135	7	0
3.	Conference bulletin expenses (estimated).	400	0	0
4.	Presents to workers...	42	8	0
5.	Conveyance ...	10	0	0
6.	Rent for laying pipes.	25	0	0
7.	Repair of broken chairs	10	0	0
8.	Suspense ...	9	0	0
	Total ...	1,117	0	0

(Sd.) L. DHARMARAJA IYER,
Treaurer,
26-6-1927.

(Sd.) N. RAMASWAMI IYER,
Chairman R. C.
27-6-1927.

SUPPLEMENT TO THIS ISSUE.

THE FIFTEENTH
Madras Provincial Co-operative Conference.

LIST OF DONATIONS.

		Rs.
1	Travancore Cardamom Planters' Association, Bodi ...	500
2	Madura-Ramnad Central Bank ...	250
3	Madura Urban Co-operative Credit Society Ltd. ...	50
4	Luxmanam Chettiar, Devakkottah ...	45
5	Madura City Co-operative Stores ...	35
6	Srivilliputhur Central Banking Union ...	25
7	Ellore Co-operative Central Bank	25
8	Coimbatore Central Urban Bank	25
9	Nellore District Co-operative Banking Union	25
10	South Arcot District Banking Union	20
11	Chidambaram Chettiar, Karaikudi	20
12	T. C. Srinivasa Iyengar B.A. B.L., M.L.C., Madura ...	20
13	P. S. A. R. Arunachalam Chettiar, Devakkottah	20
14	A. L. S. T. A. L. Alagappa Chettiar, Devakkottah	20
15	N. K. Kumararaja Pandiya Naicker, Zamindar of Bodi	20
16	Periyakulam Urban Co-operative Bank	20
17	A. Rangaswami Iyengar B.A. B.L., H. C. Vakil, Devakkottah	20
18	M. G. Mukundaraja Iyengar, Devakkottah	20
19	Tanjore Dt. Central Banking Union, Kumbakonam	20
20	District Co-op. Central Bank, Chalapuram, Calicut ...	20
21	Do. do. Central Bank, Chittoor ...	20
22	Do. do. do. Vellore ...	15
23	Urban Bank, Bodi ...	15
24	Madura Co-operative Building Society ...	15
25	Do. Dt. Police Co-operative Society ...	10
26	Thirumangalam Co-operative Central Bank ...	10
27	Trichinopoly Co-operative Central Bank ...	10
28	Melur Urban Bank ...	10
29	Thiruppathur Urban Bank, Ramnad Dt. ...	10
30	Madura Dt. Public Servants Co-op. Society ...	10
31	Conjeevaram Co-operative Central Bank ...	10
32	Salem Dt. Urban Bank ...	10
33	Guntur Dt. Co-op. Bank ...	10
34	Devakottah Central Urban Bank ...	10
35	Co-op Union, Lalgudi ...	7
36	Uthamapalayam Co-op. Credit Society ...	5
	...	5

37	Paramakudi Co-op. Society Ltd., Ramnad Dt. ...	5
38	T. A. Mohamed Usman, Bhavani Co-op. Union ...	5
39	Palamcottah Co-op. Society ...	5
40	Namakkal Co-op. Union ...	5
41	Govt. Employees' Co-op. Society Ltd., Madura ...	5
42	Ramnad Dt. Registration Department Public Servants C.S.	5
43	Erode Urban Bank ...	5
44	Ambasamudram Co-op. Union ...	5
45	Periyakulam Co-op. Stores ...	5
46	Salem Co-op. Union ...	5
47	M. S. S. Chidambaram Chettiar ...	5
48	Nicholson Town Bank, Tanjore ...	5
49	Periyakulam Co-op. Union ...	5
50	Paramakkudi Co-op. Union ...	5
51	Palani Co-op. Credit Society ...	5
52	North Urban Bank, Dindigul ...	5
53	G. Sankarasadasivaiyer, Ambasamudram C. C. S. ...	4
54	Srivilliputhur Co-op. Credit Society ...	3
55	Ramnad Dt. Kakoor Co-op. Society ...	3
56	Rameswaram Co-op. Union ...	3
57	Do. do. Stores ...	3
58	Do. do. Society ...	2
59	Thirupathur Town Co-op. Bank ...	2
60	Thiruchendur Co-op. Union ...	2
61	Musiri Co-op. Credit Society ...	2
62	Rayappanpatti Co-op. do. ...	2
63	Venkalakurichi do. do. ...	2
64	Puliangudi do. do. ...	2
65	Nariyapayyur do. do. ...	2
66	Kadalad do. do. ...	2
67	Sayalkad do. do. ...	2
68	P. G. Ragupathi Rao, Co-op. Central Bank, Medak, Hyderabad ...	2
69	Local Co-op. Union, Kadiri, ...	5
70	Do. do. Society, do. ...	5
71	Dindigul Supervisor Periasami (Fee) ...	4
	Total ...	1494

MEMBERS OF THE RECEPTION COMMITTEE.

1 Mr. P. Krishnasamy Sastri, Madura C. C. S.
2 „ R. Venkataramiyer M.A., Principal, Madura College.
3 „ M. Venkatachalamiyer, Naick New Street, Madura.
4 „ N. Ramaswami Aiyer B.A. L.T., American Mission College, Madura.
5 Dewan Bahadur P. R. Narayanaiyer, Madura.

6 Rao Bahadur A Sambamurthiaiyer, Retired Judge, Madura.
7 Mr. L. Dharmarajaiyer, Secretary, M R.C.C. Bank, Madura.
8 „ R. Narasimhaiyengar, North Masi Street, Madura.
9 „ R. Krishnaiyer, Madura City Co-op Union.
10 Rao Sahib N. Ramaswamiaiyer, President, M.R.C.C., Bank.
11 Mr. V. S. Muthukrishnaiyer, South Masi Street, Madura,
12 „ R. Foulkes, President, District Board, Madura.
13 „ M.S. Shanmugam Pillai, Madura Co-operators' Association.
14 „ V. Chinnikrishna Naidu, Othakadai Union.
15 „ T. Aravamuda Aiyengar, Madura City Co-operative Stores.
16 „ V. Venkatasubbaiyer, Kumara Nilayam Co-operative Extension. Madura.
17 „ V. Viswanathaiyer, Krishna Vilas, Ambikapuram, Madura.
18 „ K. Ramaiyengar, B.A. B.L., Madura.
19 „ V. Sundaramiyer, Dalavoy Street, Madura.
20 „ K. Rungiah Chetty, Madura.
21 „ M.S. Varadarajulu Naidu, Landlord, Madura.
22 „ G. Srinivasaraghavachariar, Retired Deputy Collector, Madura.
23 „ T.C. Srinivasaiyengar. B.A. B.L., M.L.C., High Court Vakil, Madura.
24 „ R.S. Subramania Iyer, District Munsiff, Periakulam.
25 „ P.S. Kumarasami Raja, Rajapalayam, Ramnad District.
26 „ V. Kuppusamiayer, Retired Post-Master, Thirupparankunram.
27 „ G. Somayaji Aiyer, Madura.
28 „ K. Ranga Rao, Usilampatti.
29 „ P.A. Subramania Iyer, Thiruppathur, Ramnad.
30 „ Ayyarambalam, President, Co-operative Union, Melur.
31 „ P.S. Chinnavenkata Raja, H.A.R. Rajapalayam.
32 „ V. Srinivasaiyer. Manager, Bodi Zamindari.
33 „ T.V.K. Kumarasami Raja Pandya Naicker. Zamindar of Bodinaickanoor.
34 „ R. Nagasubramaniayer, Vakil, Periyakulam.
35 „ N. Ekambareswaraiyer, Vakil, Usilampatti
36 „ M.V. Ramaswamiaiyer, Melur.
37 „ Vedanayagathevar, Taluk Board, Usilampatti.
38 „ P.S. Sundaramaiyer, Pleader, Periyakulam.
39 „ C.A.M. Mahomed Magdum Rowther, Cumbum.
40 „ N.K.T. Koneri Pillai.
41 „ P. Nageswaraiyer, Secretary, Co-operative Society, Cumbum.
42 „ S.V. Thathachariar, Dhanappa Mudali Street, Madura.
43 „ K. Venkasami Rao. Co-operative Union, Uthamapalayam.
44 „ P.V. Velladiambalam, Sennagarampatti, Melur Taluk.
45 „ C.M. Sankaranarayanaiyer, Bodi.
46 „ R.S. Rangaswami Chettiar, Melappatti. Bodi.
47 „ S. Nagappan Chettiar, Bodi.
48 „ B.K. Onnu Ram, Bodi.

49 Mr. K. Pillaivanam Pillai, Bodi.
50 ,, K. Vellaiappan Chettiar, Bodi.
51 ,, Y.S. Daniel Nadar, Thirumalapuram, Bodi.
52 ,, S.M.S. Chockalingam Chettiar, Bodi.
53 ,, S.P. Sultan Ahmed Badhar Deen Rowther, Bodi.
54 ,, N.P.K Beer Meera Lavai Rowther, Bodi.
55 ,, S.P. Beer Meera Lavai Rowther, Bodi.
56 ,, John Anthony Ajoo.
57 ,, S.A. Chinnaiyan Chettiar, Bodi.
58 ,, K. Pandav Chettiar, Bodi.
59 ,, S. Ponnappan Chettiar, Bodi.
60 ,, S. Arunachalam Chettiar, Jakkamanaickanpatti.
61 ,, Kulasekhara Pandya Naicker, Chinna Zamindar, Bodi
62 ,, R. Kandasami Chettiar, Melappatti. do.
63 Rao Sahib A. S Alagappan Chettiar, do.
64 Mr. A. M. Kalai Rowther, do.
65 ,, R. Sundararaja Iyengar, Paramakudi Co-op. Society
66 ,, A. Rangasami Aiyengar, B.A., B.L., Devakkottah
67 ,, S. Subramania Aiyer, do.
68 ,, M. G. Mukundaraja Aiyengar, do.
69 ,, P. Ramaswami Aiyer, do.
70 ,, S. Muthusami Aiyer, do.
71 ,, R. Somasundaraiyer, do.
72 ,, Si Su Ve Le Laxmanam Chettiar, Karaikudi
73 ,, Laxmanam Chettiar, Devakkottah
74 ,, V. Rangasami Naidu, Sengamalanachiarpuram, Thiruthangal P.O.
75 ,, T. S. Narayanaiyengar, C.C.S., Watrap
76 ,, S. Sreenivasaiyer, Co-op. Union, Mudukulathur
77 ,, S. V. S. Kadirvel Servai, Co-op. Urban Bank, Thiruppathur
78 ,, S. E. Pakir Mohamed Rowther do.
79 ,, K. G. Venkatachalamiyer do.
80 ,, Kuppachiambalam, Co-op. Union do.
81 ,, A. Srinivasachariar, Srivilliputhur
82 ,, T. S. Kanthimathinatha Pillai, Tinnevelly District Banking Union
83 ,, P. Nageswaraiyer, Cumbum C.S.
84 ,, P. S. P. Piranmalai Rowther, Thirupathur Urban Bank
85 ,, M. S. Subramaniaiyer, do.
86 ,, E. R. Krishnasamiaiyer, Thirumangalam Union
87 ,, P. Gopalaiyengar, Srivilliputhur Co-op. Union
88 Rao Bahadur A. V. P. L. Chidambaram Chettiar, Karaikudi
89 Mr. M. S. S. Chidambaram Chettiar, do.
90 ,, N. S. Venkataramaiyer, do.
91 Co-op. Union Bank, do.
92 ,, S. R. M. M. Somasundaram Chettiar, do.
93 ,, P. S. A. R. Arunachalam Chettiar, do.

94 Mr. A. L. S. T. A. L. Alagappa Chettiar, do.
95 ,, Chevara Subba Rao, Vizianagaram
96 ,, Srinivasa Mudaliar, Shiyali
97 ,, M. S Seshachalaiyer, Thiruvannamalai
98 Mr. Srinivasa Mudaliar, Tiruvalur
99 ,, S. Varada Chetty, Co-op. Union, Thiruppathur, N.A.
100 ,, M. Shiva Rao, Pleader, Puttur, S. Kanara
101 ,, A. M. Gnanamuthu, Co-op. Supervising Union, Arantangi, Tanjore
102 ,, E. S. Ganapathi Aiyer, Erode Urban Bank
103 ,, L. Gangadhara Sastri, Dt. Federation, Hindupur
104 ,, M Appavu Mudaliar, Co-op. Urban Bank, Pattukkottai
105 ,, Rao Bahadur V. Govindan, Malabar Dt. Federation
106 ,, M. R. Venkata Rao, Markayankottai C.S.
107 ,, G. Venkatarangachariar, Thiruthuraipundi
108 ,, B. Ramaswami Reddiar, Panruti Supervising Union, Nellikkuppam, S. Arcot
109 ,, K. Ramaswami Aiyengar, Krishnagiri
110 ,, S. S. Sundaramaiyer B.A., L.T., Town Co-op. Bank, Karur
111 ,, B. K. Vembu Aiyer, Pleader, Karur
112 ,, Y. Srinivasachariar, Edayarpakkam, Valathoor P.O., Conjeevaram
113 ,, K. S. Sreenivasaiyer, Central Banking Union, Tanjore
114 ,, R. Aiyakkutti Aiyengar, Kurnool Central Bank
115 ,, T. Doraisami Reddiar, H.A.R. Vediyangadu, Chittoor Dt.
116 ,, Rao Bahadur C. S. Subramaniam, Mayavaram
117 ,, Krishnasami Sastri, Co-op. Bank, Ranipet
118 ,, D. Govindaraja Naidu, Labour Union, Pattukkottai
119 ,, K. R. Sreenivasa Thevar, do.
120 ,, S. Annathurai Aiyer, Coop. Union, Kulitalai
121 ,, V. Krishna Menon, Dt. Council of Supervision, Chalapuram, Malabar
122 ,, V. Srinivasaiyer, Nannilam Coop. Union
123 ,, S. Venugopal Naidu Garu, Pattukkottai Supg. Union
124 ,, E. V. Gopalasami Aiyer, Trichy Dt. Urban Bank
125 ,, T. K. Hanumantha Rao, Madras.
126 The Hon. Mr. T. R. Venkatarama Sastriar, C.I.E., Madras
127 Rao Bahadur M. K. Venkatachariar, Retd. Joint Registrar of Coop. Societies, Madras
128 Mr. Vepakamesam Pantulu Garu, Co-op. Bank, Vizagapatam
129 Rao Bahadur N. Krishnasami Aiyengar, Kumbakonam
130 Mr. K. C. V. Seshacharlu, Coop. Supervising Union, Nandyal
131 ,, D. Vishnu Rao, Viziavada Central Bank, Bezwada.
132 ,, Watrap S. Subramaniaiyer, Mylapore, Madras
133 ,, V. Vaidyanathaiyer, Thiruthuraipundi Urban Bank
134 ,, P. R. Venkataramiyer, Godavari District Coop. Banking Union, Cocanada

135 „ M. Subba Raju, Guntur Dt.
136 „ Rao Sahib T. Srinivasa Rao, Joint Secretary, The Madras Provincial Co-op. Union Ltd.,

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LIST OF VOTING DELEGATES.

Tinnevelly District.

1 Mr. A. Kanakasabapathi Pillai ... Tiruchendur Co-op. Credit Society
2 „ S. Namasivaya Mudaliar ... do. Supervising Union
3 „ M. Vedanayagam Pillai ... Srivaikuntam do.
4 „ S. Gopalaiyer ... do. Co-op. Credit Society
5 „ N. P. Krishnaiyengar ... Nanguneri Coop. Union
6 „ P.S.Kanthimathinatha Pillai... Vannarpet Central Banking Union
7 „ A. Virabadhra Pillai ... Ottapidaram Hemingway Coop. ... Union
8 „ C. S. Viswanatha Iyer ... Coop. Union, Chintamani
9 „ V. K. Ramaswami Iyer ... Vilathikulam Union
10 „ K. Anandha Nadar ... Kuttam Society, Puthantharuvai
11 „ Masilamani Nadar ... Kayangudi, „ [P. O.,
12 „ Venkatachala Mudaliar ... Coop. Union, Vahakkarappatti
13 „ P. Ramachandram Pillai ... Alwar Thirunagiri C. S.
14 „ S A. Madaswami Pillai ... Pudur C. S.
15 „ H. Sankaraiyer ... Agaram Union
16 „ M. C. Palaniandi Chettiar ... Sankaranainarkoil Union
17 „ G. Narasimhaiyer ... Vayali C.S.
18 „ Venkatasubramaniaiyer ... Koilpatti Union
19 „ Jothinayagam, ... Palamcottah C. S.
20 „ G. Sankarasadasiva Iyer ... Ambasamudram Town Bank
21 „ Alagirisami Naidu ... Sales Society, Koilpatti
22 „ M. Sankarapandiya Reddiar.. Labour Union, Vannarpet
23 „ V. K. Ramasubaiyer ... Koilpatti C. C. S.

Ramnad District

24 1 Mr. N. Vanavamalai Pillai ... Rameswaram Coop. Union.
25 2 „ V. A. Ramaswami Iyer ... „ „ Stores.
26 3 „ P. K. Subba Raja ... Rajapalayam „ Union
27 4 „ R. Ananda Rao ... Thiruthangal „ „
28 5 „ S. Sandanamthevar ... Chattrappatti Weavers' Society
29 6 „ A. Sangiliappa Chettiar ... Sankarapandiyapuram ... Weavers' Society
30 7 „ S. Nagaswami Iyer ... Sivaganga Urban Bank
31 8 „ V. Sundaram Iyer ... Manamadura Coop. Union
32 9 „ K. Gopalaiyengar ... Paramakkudi „ „
33 10 „ S. A. Muthukkaruppa ... Pillai ... Rameswaram „ Society
34 11 „ Palaniandiar Pillai ... Aiyanapuram „ „
35 12 „ S. V. S. Kadirvel Servai ... Tiruppathur Coop. Urban Bank.

36 13 Mr. R. Sreenivasachariar ... Srivilliputhur Co-op. Credit Society
37 14 „ ... Bhupathi Raju Co-op. credit Society
38 15 „ S. Ramasubbaiyer ... Aruppukkottai Urban Bank
39 16 „ K. Sreenivasaiyer ... Manamadura Co-op. Society
40 17 „ M. S. Subramaniaiyar ... Bhairavaswami Co-op. Stores
41 18 „ P. Krishnamurthi Rao ... Thiruchuli Co-op. Union
42 19 „ S. Sreenivasaiyer ... Mudukulathoor Co-op. Union
43 20 „ S. Subramaniaiyar ... Devakkottah Urban Bank
44 21 „ P. A. Subramaniaiyar ... Tiruppathur Co-op. Union
45 22 „ Venkatasubbaiyer ... Srivilliputhur „ „
46 23 „ S. Nagasamiaiyar ... Sivaganga Stores
47 24 „ N. Kumarasami Chettiar ... Thalaipatti Weavers' Society
48 25 „ T. S. Viswanatha Srouthigal ... Ramnad District Registration Department Public Servants Co-op. Stores
49 26 „ S. Chockalingathevar ... Mangalam Union.

Madura District.

50 1 „ P. Krishnasami Sastrigal ... Madura Urban C.C.S.
51 2 „ Y. Aravamudu Iyengar ... do. Co-op. Stores
52 3 „ R. Subramaniaiyer ... Melur do. Union
53 4 „ E. S. Sunda ... Madura City Local Co-op. Union
54 5 „ P. A. Venkataramaiyer ... Periyakulam do.
55 6 „ N. Ekambareswaraiyer ... Usilampatti do.
56 7 „ K. Ranga Rao ... Vedanayaga Co-op. Stores, Usilampatti
57 8 ... Melur Urban Bank
58 9 „ L. Dharmarajaiyer ... } Madura District Co-operative
59 10 „ G. Srinivasaragauachariar. } Federation
60 11 Rao Sahib N. Ramaswami Aiyer ... M. R. C. C. Bank, Madura
61 12 Mr. N. Ramaswami Aiyer, B.A., L.T. ... do.
62 13 „ S. Muthusami Mudaliar... Palani Co-op. Union
63 14 „ C. Krishnaiya B.A., L.T.. do. Society
64 15 „ G. Srinivasaiyer ... Dindigul Co-op. Building Society
65 16 ... Vadamadura Co-op. Union
66 17 „ M. Muthukrishnaiyer ... Periyakulam Co-op. Urban Bank
67 18 „ V. Chinnikrishna Naidu ... Othakadai Union
68 19 „ S. Raja Rao ... Thirupparankunram Union
69 20 ... North Urban Bank, Dindigul
70 21 „ A. Arulappavadhyar ... Nilakkottai Co-op. Union
71 22 „ T. K. Rama ... Madura Sourashtra C.S.
72 23 „ V. Viswanadhaiyer ... Ambikapuram Co-operative Building Society

73	24	Mr.	C. Venkatachalamaiyer	Alanganallur Co-op. Union
74	25	„	K. Venkasami Rao	Uthamapalayam do.
75	26			Thevaram Cardamom Planters' Society
76	27	„	M. Nallanna Naidu	Madura Dt. Police C.S.
77	28	„	S. Chockalingam Pillai	Dindigul Union
78	29	„	E. R. Krishnasami Aiyer	Thirumangalam Union
79	30	„	N. Ramalingaiyer	Periakulam Co-op. Stores
80	31	„	M. S. Sambamurthi Aiyer.	Bodi Urban Bank
81	32	„	B. K. Onnu Ram	Bodi Cardamom Planters'
82	33	„	P. Nagoor Meera Rowther	Cumbum do.
83	34	„	Ramaswami Ambalam	Todaneri C.C.S.

Trichinopoly District

84	1	„	Somasundaraiyer	Puvalur Union
85	2	„	E. V. Gopalasami Aiyer	Trichy Central Co-op. Bank
86	3	„	L. N. Paramasivam Pillai.	Lalgudi Co-op. Union
87	4	„	L. N. Doraisami Aiyer	Teachers' and Wage Earners' C. S. Lalgudi
88	5	„	M. M. Krishnasami Pillai.	Musiri Co-op. Union
89	6	„	N. Sundaram Pillai	do. C.C.S.
90	7	„	V. Chockalingam Chettiar	Co-op. Labour Union, Musiri
91	8	„	A. V. Ramalingam Pillai.	Ayyampalayam C.S
92	9	„	B. K Vembu Aiyer	Karur Union and Co-op. Stores
93	10	„	S. S. Sundaramiyer	Karur Town Co-op. Bank
94	11	„	L. R. Jagadesan	Co-op. Supervisors' C.S., Lalgudi
95	12	„	N. Krishnasami Reddiar.	Sevanthiampatti C.C.S.
96	13	„	K. S. Sivaramaiyer	Trichy Railway Police C.S.
97	14	„	A. Thiagaraja Iyer	Peruvalanallur Co-op. Union
98	15	„	K. S. Hiranya Rao	Local Co-op, Union, Trichy
99	16	„	P. Srinivasaraghava Iyengar	Srirangam Town Co-op, Bank
100	17	„	M. K. Radhakrishna Iyer	Kulitalai Co-op. Union
101	18	„	V. Rangasamithathachariar	Marudur C.S.
102	19	„	Venkataramaiyer	Nangavaram C.S.
103	20	„	L. Manickavasaga Mudaliar	Kulitalai C.S.
104	21	„	S. Annadurai Aiyer	Kulitalai Land Mortgage Bank
105	22	„	R. V. Srinivasa Iyengar	Trichy Audit Union
106	23	„	P. Krishnaswami Pillai	Trichy Co-op. Urban Bank

Tanjore District.

107	1	Mr.	V. Kamakshi Naidu	Pattukkottai Supervising Union
108	2	„	P. K. Vembuvaiyer	Nicholson Town Bank
109	3	„	K. Balasubramania Iyer	Mahaganapathi Stores, Mannargudi
110	4	„	S. Kumarasami Pillai	Karunthattangudi Dravida Co-op. Society
111	5	„	M. D. Thiagaraja Pillai	Thiruvalur Co-op. Union Vijayapuram
112	6	„	N. Parameswaraiyer	Annapoorna Co-op. Building Society
113	7	Rao Sahib	A. Sethuramaiyer	Co-op. Central Bank, Tanjore.
114	8	„	R. Sundaramiyer B.A., B.L.	Co-op. Central Bank, Tanjore.
115	9	„	V. Saranathachariar	Thiruthuraipundi Co-op. Stores
116	10	„	G Venkatarangachariar	do Co-op. Union
117	11	„	V. Vaidyanathaiyer	do Urban Bank
118	12	„	S. R. Narayanaswami Aiyer	Pattukkottai C. Labour Union
119	13	„	S. Krishnamurthi Rao	do C. Purchase Society
120	14	„	E. K Subramaniaiyer,	do C. Building do
121	15	„	T. V. Muthukumarasami Mudaliar	Thirukkannapuram Union
122	16	„	N. Rathnasabapathi Pillai.	Shiyali Urban Bank
123	17	„	T. Rudrapathi Pillai	Kamalambika Co-op. Urban Bank Tiruvalur
124	18	„	V. S. Seshaiyengar	Co-op. Union, North Kumbakonam
125	19	„	V. Ragavaiyengar	Mayavaram Co-op. Sup. Union
126	20	„	V. Krishnamurthi Aiyer,	do Urban Bank
127	21	„	T. Subbarayu Aiyer	Pattukkottai Loan & Sale Society
128	22	„	Pillu Rao	Agricultural Bank, Nidamangalam
129	23	„	N. Parameswaraiyer	Co-op. Manure Society do
130	24	„	Ganapathi Sastri	Mannargudi Co-op. Union
131	25	„	N Panchapagesa Iyer	do Stores
132	26	„	T. B. Ratnachalam	do Urban Bank
133	27	„	S. Narayanaswami Aiyer	Melattur Union
134	28	„	A. Aiyasami Aiyer	„ Bank
135	29	„	T. S. Pichu Sastri,	Orathanad South Union
136	30	„	A. Dharmalinga Vandyar	„ Labour Union
137	31	„	G. Balasubramaniam	Kumbakonam Urban Bank
138	32	„	Manicka Naidu	Sankaranarayana Co-op. Building Society
139	33	„	P. S. K. Rathnasami Naidu	Thirukkattupalli Sup. Union.
140	34	„	A. S. C. Chinnaiya Pillai	Arantangi Urban Bank
141	35	„	C. T. Vadivel Chettiar	Orathanad North Labour C. S.
142	36	„	V. M Govinda Pillai	„ Supervising Union

143	37	Mr. M. Sarranimuthu Chettiar	Orathanad Crop Loan Union
144	38	,, S. Venkatasubramaniaiyer,	Coleroon Union
145	39	,, O. A. Narayanasamiaiyer,	Tanjore Co-op. Stores.
146	40	,, R. Sundaram Iyer B.A. L.T. ...	,, ,, Supervising Union.

North Arcot

147	1	,, T. S. Srinivasaiyer ...	Thiruppathur Town Co-op. Bank
148	2	,, R. Mohanam ...	Co-op. Union, Kaveripauk
149	3	,, V. Krishnasamiaiyer ...	Polur Union
150	4	,, B. Muthuvaradam Pillai ...	Katpadi Union
151	5	,, Kandasami Mudaliar ...	Chettithangal Union
152	6	,, M. Narayanaswami Mudaliar ...	Thenilluppai Union
153	7	,, R. Natesa Mudaliar ...	Arni Union
154	8	,, Doraisami Iyer ...	Parry's Employees' Co-op. Society, Ranipet
155	9	,, V. A. Vadivel Mudaliar ...	Timiri Union
156	10	,, V. M. Rangappa Chettiar ..	do C.S.
157	11	,, N. Ramanadhan .	Polur Public Servants C.S.
158	12	,, Manickam Pillai ...	Kurunimalai C.S.
159	13	,, Munisami Naidu ...	Avanasi C.S.
160	14	,, Manicka Mudaliar ...	Ambur Local Co-op. Union
161	15	Rao Sahib M. S. Seshachala Aiyar ...	Thiruvannamalai Urban Bank
162	16	Mr. P. C. Kuppusami Reddiar .	Thiruppathur Union
163	17	,, S. Varada Chetty ...	North Arcot District Bank
164	18	,, M. Varadaraja Mudaliar .	Thiruvannamalai Teachers' C.S.
165	19	,, P. Narayanaiyer ...	Palasur C.S.
166	20	,, Doraisami Gowndar ...	Vellore Sup. Union
167	21	,, V. Arunachalam ...	Dt. Council of Supervision, Vellore
168	22	,, P. Doraisamy Mudaliar...	Pallikonda Union
169	23	,, A R. Munisami Reddiar .	Arkonam Co-operative Union
170	24	,, M. S. Srinivasa Naidu ...	Melpatti Union
171	25	,, M. C. Munisami Naidu ...	Thiruppathur Audit Union
172	26	,, N. B. Rangasami Reddy .	Thandrampatti Union
173	27	,, A. Viswanadhaiyer ...	Devikapuram Union
174	28	,, S. R. Manicka Mudaliar .	Sambuvarayanallur Union
175	29	,, C. S. Arunachala Mudaliar ...	South Seyyar Union
176	30	,, T. C. Ramanadhan ...	Kalavai Union
177	31	,, E. R. Krishnaiyer ...	Elathoor Union
178	32	,, W. Markandeya Chettiar.	Wandiwash Co-op. Union
179	33	,, T. T. S. Sundaresa Kurukal ...	Thiruvethipuram C.C S.

South Arcot

180	1	Mr. K. S. Ramaswami Aiyengar ...	Kattumannarkoil Union
181	2	,, B. Ramaswami Reddiar.	Panruti Co-op. Union
182	3	,, N. R. Doraiswami ...	Melmalayanur Co-op. Union
183	4	,, R. A Sivanandha Mudaliar	Dt. Co-op. Banking Union, Cuddalore
184	5	,, R. Sreenivasaiyengar	Dt. Co-op. Banking Union, Cuddalore
185	6	,, P.S. Veeraragavachariar	Villupuram Co-op. Union
186	7	,, T. C. Venkatesaiyah ...	Pudupalayam C. C. S.
187	8	,, T. J. Mahomed Ismail Sahib ...	Tindivanam Urban Bank
188	9	,, V. Krishna Rao ...	Pudupalayam Co-op. Stores
189	10	,, ...	Teachers' Co-op. Bank, Villuppuram
190	11	,, P. M. Gopalakrishnan ...	Y. M. C A., Cuddalore, Lutheran Xn. C. S.
191	12	,,	Sivanandhapuram Building Society
192	13	,, ...	do Co-op. Union
193	14	,, R. Ramachandraiyer ...	Sankarapuram
194	15	,, T. Vasudeva Konar ...	Perungappur C. S.
195	16	,, Kulandai Velu Udaiyar.	Mudianur
196	17	,, ...	Chidambaram Urban Bank
197	18	,, Govinda Udayar ...	Mudiyaur Grain Bank

Chingleput and Madras Districts.

198	1	,, A. Rajabadar Mudaliar	Conjeevaram Central Co-op. Bank
199	2	Rao Bahadur M. K. Venkatachariar ...	Dt. Co-op. Federation
200	3	Mr. C. Sambasiva Chettiar	Dt. Co-op. Federation
201	4	,, Y. Srinivasachariar ...	Maduramangalam Union
202	5	,, A. V. Subramaniaiyer...	Non-Agricultural Co-op Union, Big Conjeevaram
203	6	...	Padalam Co-op. Union
204	7	,, K. C. Sreenivasan ...	Manimangalam Co-op Union
205	8	,, M. Balasundaram ...	Manimangalam Co-op Union
206	9	,, K. Raghava Pillai ...	Kookanakam Co-op. Society
207	10	,, O. M. Venkatanatha Iyengar ...	Uthiramerur Union
208	11	,, C. M. Subbarayamudaliar	Big Conjeevaram Town Bank
209	12	,, M. Natesa Mudaliar ...	Salavakkam Co-op. Union
210	13	,, Janardhana Naidu ...	Oothukkotai Union
211	14	,, M. Krishnasamy Iyengar	Madurantakam Co-op. Union
212	15	,, M. Sriramiyengar ...	Walajabad Union
213	16	,, A. Ponnusami Naidu ...	Pallapalayam Agricultural and Industrial Society

214	17	Mr. G. Sriram Babu ...	Pudupet Co-op. Union
215	18	" K. L. Narasimba Rao ...	T. U. C. S, Triplicane
216	19	" T. S. AnanthBaramaiyer	
217	20	" Hon Mr. V. Ramadas Pantulu ...	M. C. U. B.
218	21	Dewan Bahadur R. Ramachandra Rao...	M. C. U. B.

Salem District.

219	1	Mr. N S. Chengalvaraya Iyer ...	Central Co-op. Society, Krishnagiri
220	2	" T. Adinarayana Chettiar	C. C. B. Salem.
221	3	" T.C. Sethumadhavaiyer.	
222	4	" P. P. Sundaram Aiyer...	Dharmapuri Town Bank
223	5	" R. N. Subramaniaiyer...	Rasipuram Co-operative Union
224	6	" T. M. Chinniah Pillai ...	Dharmapuri Co-op. Union
225	7	" N.V. Krishniah Chettiar	Salem Urban C. C. S.
226	8	" R. Krishnasami Naidu...	Athur Co-op. Society
227	9	" N. S. Sundaresaiyer ...	Public Servants C. S., Atur
228	10	" P. R. Sundaraiyer ...	Dharmapuri Co-op. Town Bank
229	11	" C. M. Ranga Rao ...	Co-operative Union, Namakkal
230	12	" T. C. Krishnaswami Aiyer, ...	Tholasampatti Union
231	13	" R. Subbaramaiyer ...	Tidavoor Co-op. Union
232	14	" V. Subramania Aiyer ...	Salem Town Scavengers C. C. S.
233	15	" M. K. Pattabiram ...	Urban Bank, Tiruchengode
234	16	" Chendraya Chettiar ...	Chinnappanpatti Stores.
235	17	" Sundararaja Iyer ...	Kamalapuram Stores.
236	18	" V. Swaminatha Pillai ...	Thalaivasal Co-op Union

Chittoor District.

237	1	" Viswanatha Pillai ...	Local Co-op. Union Tiruvalangadu
238	2	" T. N. Ramakrishna Reddiar ...	District Co-op. Federation, Chittoor
239	3	" V. Krishnaswami Aiyar	Town Bank, Chittoor
240	4	" M. Chenga Reddi Garu	Co-operative Union, Chittoor
241	5	" C. Venkataramanaiyer...	Dt. Co-op. Central Bank
242	6	" D. Vasudeva Rao ...	
243	7	" T. Doraisami Reddiar...	Local Co-op. Union, Vediangadu
244	8	" H. Narayana Reddi ...	Vayalpad Co-op. Union
245	9	" M. Ramalinga Reddiar.	Valayaduppu
246	10	" A. V. Subba Rao ...	Palmaner, Chittoor District

Coimbatore and Nilgiris.

247	1	" K. V. Srinivasaiyer ...	Local Co-op. Union, Karamadai.
248	2	" S. K. Krishnaswami Gownder ...	Satyamangalam Co-op. Union.

249	3	Mr. S A. Narayanasastri ...	Satyamangalam Urban Bank.
250	4	Rao Sahib K. Chinna Rangiah Gownder ...	Kambiliampatti Co-op. Union.
251	5	Mr. E. S. Ganapathi Iyer ...	Erode Urban Bank.
252	6	" K.A. Ramaswami Sastri	Co-op. Union. Udumalpet.
253	7	" C. Somasundaram Pillai.	Urban Bank " "
254	8	" A. L. Subba Rao ...	Co-op. Town Bank and Stores, Coimbatore.
255	9	" A. Ramasami Naicker...	Local Co-op. Union, Coimbatore.
256	10	" P. K. Ananthanarayanaiyer ...	Pannimadai C.S.
257	11	" B. M. Thatha Gowder .	Todanad Local Co-op. Sup. Union.
258	12	" N. Subramaniaiyer ...	Urban Bank, Coimbatore.
259	13	" V. S. Santhanagopalakrishnan ...	Erode Co-op. Union.
260	14	" S. T. Venkatachala Iyengar ...	Salur " "
261	15	" C. S. Narayanasamiaiyer	Thiruppur Urban Bank.
262	16	" K. G. Ramakrishnaiyer	Erode Stores.
263	17	" T. Srinivasa Mudaliar.	" Union.
264	18	" J. N Jayakaran ...	Dt. Federation. Coimbatore
265	19	" Avanasi Gowndar ...	Perundurai Union.
266	20	" T. A. Mahomed Usman	Bhavani Co-op. Union.
267	21	" K. Belli Gowder ...	Kotagiri Union, Yedappalli.

Anantapur.

268	1	" K. Seshacharlu ...	Tadpatri Co-op. Union
269	2	" H. Siva Rao ...	Dt. Co-op. Central Bank
270	3	" H. Narayana Rao ...	
271	4	" C. Ranganatha Iyengar.	Gooty Union
272	5	" N. Narasa Reddy ...	Kadiri Co-op. Union
273	6	" K. Appanna Charlu ...	" " Society
274	7	" L. Gangadhara Sastry	Town Bank, Hindupur
275	8	" N. Bhimasena Rao ...	Kalayam Union
276	9	" C. Ranga Rao ...	Penukonda Union
277	10	" P. Krishna Rao ...	Dharmavaram Town Bank
278	11	" K. Krishna Rao ...	Hindupur Co-op. Union
279	12	" O. A. Hanumantha Rao	Dharmavaram "
280	13	" Y. Thimmappa ...	Bukkarayasamudram C. S.
281	14	" Aswathanarayana Rao.	Cholasamudram C.S, Hindupur,
282	15	" Ramachandra Rao ...	Lepakshi Union

Guntur.

283	1	" M. Krishna Raju ...	Mantanavaripallam Pittalivampalam C U.
284	2	" V. Purnachandra Rao...	District Co-op. Bank, Tenali
285	3	" P. Hanumantha Rao ...	Guntur Co-op. Urban Bank
286	4	" G. Ayodhyaramaiyah ...	Tk. Co-op. Supervising Union

Nellore.

287	1	" K. V. Raghavachari ...	Dt. Co-op. Bank
288	2	" O. Viswanatha Rao ...	" " Federation
289	3	" V. Narasinga Rao ...	Central Bank, Nellore
290	4	" M. Ramkrishna Rao ...	Audit Union, Nellore

West and East Godavari.

291	1	Mr. G. Satyanarayana ...	Ramachandrapuram Co-op. Central Bank.
292	2	„ M. Narasimharao ...	Ramachandrapuram Co-op. Central Bank.
293	3	„ N. Satyanarayana ...	East Godavari District Co-op. Federation, Alamuru
294	4	„ V. Venugopal Naidu Garu ...	Ellore Co-op. Central Bank.
295	5	„ N. D. Kamesha Rau ...	Alamuru Co-op. Union.
296	6	„ A. V. P, Sivaramaiyah	Atchanta Co-op. Union, W.Godavari
297	7	„ S. P. Venkatasubbarao Garu ...	Peddapalli Co-op. Stores.
298	8	„ Gadi Charlu Venkatasubbarao Garu ...	Kotturu Co-op. Building Society Alamuru, East Godavari.

Kistna.

299	1	„ Dasu Vishnu Rao Pantulu ...	Viziavada Central Banking Union.
300	2	„ Vemuri Sri Ramulu ...	Divi Co-op. Union.

Vizagapatam.

301	1	„ M. Sriramurthy ...	Vizag. District Federation.
302	2	„ C. Subbarao ...	District Banking Union.

Kurnool.

303	1	„ G. Nagi Reddi ...	Koilkuntla Union.
304	2	„ R. Aiyakutti Aiyengar ...	Dt. Co-op. Bank.
305	3	„ G. Ramakrishna Reddiar	Dt. Co-op. Bank.
306	4	„ S. Narasimhalu Pantulu	Kurnool Urban Bank and District Council of Supervision.
307	5	„ T. R. Ramachandra Sastrigal ...	Kurnool Co op. Union
308	6	„ Ramanatha Iyer ...	Nandhi Kotkur do.

Bellary.

309	1	„ P. Uddarayya ...	Central Co-op. Bank, Hospet.
310	2	„ M. Venkoba Sastri ...	Co-op. Union, Adoni.
311	3	„ A. Narayana Bhatt ...	Local Co-op. Union, Harpanahalli
312	4	„ Venkoba Rao ...	Hospet Dt. Federation.

South Kanara.

313	1	Mr. Y. Sanjivi Rao ...	Dt. Council of Supervison
314	2	„ A. Subbaraya Hegde ...	Mangalore Town Co-op. Union
315	3	„ P. Ramanand ...	South Kanara Central Urban Bank

Malabar.

316	1	Mr. A. S. Menon ...	Othapalam Co-op. Union
317	2	Rao Bahadur V. Govindan...	District Federation
318	3	Rao Sahib V. Krishna Menon	District Co-operative Union
319	4	Mr. V.K. Menon D.C., F.C.S.	District Co-operative Bank
320	5	„ V. Govinda Menon ...	Cannanoor Union
321	6	„ M.P. Govinda Menon...	Dt. Bank, Malabar.

Miscellaneous.

322	1	Mr. Chandra Sekhara Iyer.	
323	2	„ Kunda Mestiri, ...	Kunda Union, Nilgiris
324	3	„ P. K. Kubera Chetty...	Villupuram C. C. S.

RATES OF INTEREST

By Dewan Bahadur R. Ramachandra Rao, C.S.I.

With reference to the discussion at the Executive Committee of the M. C. U. B. Ld., meeting in January, I write this note.

2. When the movement was first started, the financing banks entirely relied on the Department for the scrutiny of loan applications, verification of security and collection of loans and interest. I need hardly say that no other bank has those duties discharged for itself gratuitously. The co-operative financing banks were then enabled—on the one hand to lend money at low rates to village societies, in the absence of which the ryots would not derive any benefit, and on the other, to offer high rates of interest on deposits which alone attracted money to a new and novel bank and also gave rise to a legitimate criticism that the State aid enabled the co-operative bank to compete unfairly with commercial banks. The Department has now and for more than two years definitely ceased to discharge these functions; it has ceased to foster the legitimate organisation of new societies. And with one exception, these duties are to-day not being performed at all. For very safety, if not for other reasons, the co-operative banks must now employ sufficient establishment to safeguard and enlarge their business.

3. When I was Registrar, the Government permitted me to employ one Inspector for every 25 societies. And I consider that this is the minimum establishment, barring direction, necessary. But if the movement reaches a large part of the Presidency, thousands of societies should be started; the number of Inspectors would have to be correspondingly increased; and I knew that the State would not bear the expense. Hence the machinery of unions. A union ought to consist of a small number of societies, 15 to 20, within a restricted area; and its executive officer should be paid by a small tax (or rebate) on the profits of the constituent societies. After several vicissitudes, the union idea has caught on and to-day in 1927 the only supervision is that exercised by unions, good, bad or indifferent.

4. The hiatus in the machinery of supervision may be shortly indicated as follows:—

(*a*) Many of the union Supervisors are not educated. The remedy is to open training classes.

(*b*) They are not paid a living wage. The remedy is this. In most village societies, the maximum borrowing power is kept very low. The Panchayatdars take loans for themselves and exhaust the power to borrow for the rank and file of the ryots. Hence the maximum borrowing power should be freely increased within the limits permitted by the property statement. An expansion of business means increased rebate and consequent emoluments to the supervisor. We can attract better men and better work. A legitimate expansion when coupled with proper local supervision is neither un-co-operative nor unsafe.

(*c*) There is no staff for the formation of new societies. The Central Banks will have to employ.

(*d*) What is more important is that there is no staff to look over (without interference), direct and correct the work of unions. This is the most crying want now.

(*e*) Central banks are chary in applying funds for establishment. People have to go to them and discuss. Single visits are useless. Work done in particular districts will have to be taken to the notice of other districts. It is the duty of the apex bank to depute officers for this business.

5. It will take me too long to justify the above needs far away from the main purpose of this note. But to crystallize discussion, I add as follows:—

(*a*) In the case of emoluments of supervisors, no estimate is necessary as it will depend on expansion. Care should be taken that the existing rates are not increased.

(*b*) In the case of number of supervisors, the unions have to be cast in a compact area. A compact area is necessary. This is doubtless the work of the Central Banks. But there is advantage in one and the same person doing this work. The establishment of the apex bank must be so organised as to advise the Central Banks on this point.

(*c*) Central banks will have to employ enough organisers to start societies in the vicinity of sporadic societies not now included in unions so as to permit of union formations. The number will depend on existing circumstances in each district. It has to be remembered that the longer the work is delayed the heavier becomes the work of reconstituting moribund societies. This establishment need be temporary only.

(*d*) Necessary permanent establishment for annual outdoor work is indispensable. We want good material. Roughly speaking, at least one Surveyor on Rs. 100-150 and 4 Assistant Surveyors on Rs. 50-75 would be necessary in the average revenue taluk. The ultimate cost in a district like Chingleput would be about Rs. 35,000 per annum.

The estimate is rough but gives an idea of probable financial needs.

(*e*) My experience is that Central Banks require considerable persuasion to adopt these proposals though they are necessary for their own purposes. The apex bank must employ at least two officers on Rs. 450 each to go round and get the proposals through. I am doing the work now but am unable to do much. There are as many as 30 banks and frequent visits are necessary. The details of existing development should be studied to enable one to state the amount of additional establishment immediately called for. These two officers *plus* two peons may be temporary to begin with. Two picked Secretaries of Central Banks ought to do well.

(*f*) In addition to the above work which I call temporary though the work of expansion of establishment will take years, the apex bank will have to get into constant touch with the Central Banks and see if they discharge their responsibilities correctly and adequately. We shall have to convert these hands into permanent officers more or less on a scale we have sanctioned to the Assistant Secretary of the apex bank.

6. The above estimate gives a rough resume of financial requirements and the next step is to get recurring income to meet the expenditure. The only method is expansion—i.e., consolidation of existing societies (i.e., whilst safeguarding loans, to watch that they ask for all the money necessary for co-operative business) and opening of new societies. I expected to see this idea accepted more or less as an elementary truism; and to remove the only obstacle in the carrying out of the programme (immediate provision of funds as a preliminary to expansion) the apex bank has sanctioned a rebate of ½ per cent on loans. Wherever I go, the banks accept the principle generally.

But I have visited only 4 banks. Even in the case of the 4 banks, only one bank has accepted the idea of recurring establishment. There is a good deal of work to be done. And a good deal of money is necessary. And unfortunately all the work has to be done urgently, for each day's delay means a further decline in the condition of the societies.

7. The successive rates of interest should be fixed so as to secure the necessary funds for the above expenses and also with due regard to co-operative principles.

8. *Village societies.* These borrow at 8 per cent and lend at 9⅜ per cent to members. I consider that the 9⅜ per cent is a fair rate under the existing circumstances of the Presidency. If it be that in some places ryots get money at cheaper rates, all the better. No doubt even these deserve to get societies worked on co-operative lines. But when elsewhere in the Presidency people are groaning under usurious rates, our first duty is to such areas. So if in any particular village the rate is to be reduced—say within the next fifty years—the society must face the loss itself that is to say (i) either by expansion make the reduction possible or (ii) build up local deposits. This type need not be considered as it will take years to develop.

Regarding the rate on village deposits, I am inclined to allow a high figure up to 9 per cent on deposits made by residents. This is unsound mercantilely : but the advantage of getting local money and promoting thrift is so co-operatively advangeous as to overbear this objection. After all, such money will be very small. When they become substantial, the position may reviewed. The rate on deposits from outsiders should be regulated according to the market.

9. Regarding the rate of interest *i.e.*, 8 per cent charged by Central Banks to societies, there is a good deal of difference of opinion. Societies have now to pay ½ per cent to unions. The balance available is ⅞ per cent and this has to make good the loss of interest in delays, honorarium to Accountant, and fees for conferences, etc. It appears to me, however, that the danger of whittling down the margin in the case of central banks is more serious than to provide for these small expenses. Societies must endeavour to increase their resources (1) by obtaining deposits at less than 8 per cent, (2) by cutting down expenses, (3) by expansion a good deal of which is possible especially by way of crop loans, (4) by public subscriptions, as after all a co-operative society is for the village good and you cannot expect an external bank to pay the contingent expenses of a local society. Co-operatively self-reliant development is to be welcomed and any reduction of interest is to be deprecated.

10. *Unions* have no capital moneys to deal with.

11. *Central Banks.* They now borrow from the apex bank at 7 per cent. They have overdrawal accounts at current rates. They take deposits from the public at various rates. They also take deposits from local bodies. They lend to village societies at 8 per cent. They pay ½ per cent. for supervision. I have already indicated above that the reduction in the lending rate from 8 per cent is inadvisable. Nor is it possible to increase the supervision charges beyond ½ per cent. The amount now derived from this head is not adequate but can be increased only by expansion. It is futile to discuss the rate on overdrawal accounts as the rate depends on the pleasure of the banks that accommodate ; however, a steady pressure should be maintained to keep the rate as low as possible.Co-operatively, the rate should be higher than the rates on deposits ; because we want the banks to expert themselves to obtain local deposits and the incentive would be the larger margin of profit on lower rates.

12. *Deposits.* The main considerations are as follows :—

(*a*) The more the number of local depositors the better. Local depositors take an interest in the well-being of the bank and have opportunities of examining its work. The maximum rate should be less than the interest on overdrafts.

(*b*) There is a tendency for central banks to compete for deposits by offering rates over market rates. This is unhealthy and is un-co-operative. It should be a rule that the rate of interest for depositors outside the district should not exceed the market rate. The market rate may from time to time be announced by the apex bank. Generally it is half a per cent over that allowed by the Imperial Bank. This differentiation between residents and non-residents will promote the growth of resident depositors.

This market rate will always be less than the rate on overdrafts and certainly less than 7 per cent, the rate charged by the apex bank. If the market rate be departed from, we derive no co-operative advantage in the case of outside depositors ; we merely throw away money ; there is unhealthy competition and the income for establishment gets reduced.

Deposits for short terms should be preferred to deposits for long terms.

13. *Local Bodies.* In the case of local bodies, the offer of even the market rate is unsound. In the first place, they are not human beings and a deposit by a local body does not imply watchfulness by the depositor or the bank.

Secondly, the persons most influential in a local body are the persons most influential in the central bank ; and so, some rigid conventions are necessary in the interests of fair play. Thirdly, local bodies deposit large sums ; it takes time to work them out unless, as is often done now, the sums are unfairly dumped on the apex bank. Local bodies also withdraw large sums altogether. Fourthly, local bodies get no interest on their funds if kept in the treasury and should be glad to get even 1 or 2 per cent. So I consider that the maximum rate of interest on local fund moneys should not exceed 2 per cent and should generally be 1 or $1\frac{1}{2}$ per cent according to circumstances of time and place. It should also be a rule to prevent unhealthy competition—several instances have occurred—that no bank should take money from a local body unless it works in the area of the bank.

14. The apex bank charges 7 per cent on loans. First, in co-operative transactions, there is a great advantage in a fixed rate. Secondly, we have as yet barely reached 1/1000 per cent of co-operative possibilities and the rate has to be kept high if when funds run low we have to raise the rate of interest. Thirdly, a good margin is necessary for the apex bank to develop its outdoor work. Fourthly, if the rate be once reduced, it will be impossible, as each bank is run by a group of subordinate borrowers, to go back to a higher rate. Fifthly, the benefit of the reduction will not endure even to the central banks. Village societies in their turn will clamour for a reduction; and members in their turn. So the income which would come in handy for useful establishment will get dissipated. Until the apex bank and the central banks have finished recruiting their full staff to replace the inspectors withdrawn by Government, it will be suicidal to reduce the rate of interest.

15. Two parallel streams of criticisms have been levelled against these points. One is based on a temporary cause—the glut of money in the apex bank. Before the expansion scheme, work was moribund and the apex bank balances were being swollen by the return of moneys. Even after the expansion, as Central Banks depart from the market rate and offer $6\frac{1}{2}$ per cent. only $\frac{1}{2}$ per cent. less than the 7 per cent. as against 4 to $4\frac{1}{2}$ which the apex bank offers, Central Banks get more deposits and the apex bank balances get swollen. It is therefore agreed that if the apex bank reduces its rate to 6 per cent (no one has suggested going below this), the Central Banks will have to cut down its rate and so deposits will not be deflected into the Central Banks from the apex. This argument is not sound; for when the apex bank lends at 6 per cent., a Central Bank working un-co-operatively can offer $5\frac{1}{2}$ as against the market rate of $4\frac{1}{2}$ and still attract money. The only result is that in the long run no one will benefit—neither the apex bank nor the central bank. The correct remedy is to see that the central banks act on the principles laid down in paras 12 and 13 above. This will be, for ever, a function of the officers proposed to be entertained by the apex bank.

16. *Apex Bank.* I now turn to the apex bank. Here the principles are easier as for most purposes the principles are akin to those of a mercantile bank. But an apex bank should be prepared to receive

at any time surplus money from Central Banks and must be in a position to lend out money when required. Co-operatively, the money so lent out should be on a well known rate; as the central banks lend out on long term loans. But so far as overdrafts and deposits are concerned, the apex bank need be regulated by pure banking principles. I am disposed to make a slight change in the case of deposits of trust moneys and quasi trust moneys. I would be inclined to give a firm percentage of 5 to 6 per cent. without varying it according to market rates; because co-operation always deals in a large extent of long term loans, such sums are not withdrawn and it is worth while giving special encouragement to the attraction of such funds in co-operative banks.

17. So far is what I may call the normal state of things. But as a matter of fact, central banks do not observe the principles enunciated. Many of them do not know that they have to regard such principles. Many succumb on account of personal reasons. Many superficially argue that deposit money on $6\frac{1}{2}$ per cent. is better than apex bank money at 7 per cent. Deposits are taken irrespective of needs. So the apex bank becomes a dumping ground. And as the movement has got arrested, there is a glut of money not only in the apex bank but in several central banks. And the situation is getting more and more critical with the easy receipt of local fund moneys. The central bank requires instructions and the apex bank officials will have to confer generally with central banks. Written circulars are not even read.

18. I wish that I would end here but I cannot help adding that at present the relations between the apex bank and the central banks are not harmonious. Each institution considers that the other is out for individual profit and the individual profit of one necessarily means less to the other. Even the directors of the apex bank have discussed matters on this basis. Nothing can be more erroneous co-operatively. If the rates of interest are correctly regulated as indicated above and if the movement be allowed to expand, there will be no room for criticism. But in as much as Central Banks may not act up to these principles, the further question of how to proceed then remains.

19. In the very nature of things, legal sanctions are impossible.

To those banks that decline to observe the above rules, the apex bank may decline to receive and to lend. This is a drastic remedy. The apex bank may start a branch bank and deal direct with village societies. This is still more drastic and is moreover un-co-operative. So if punishments are not possible, I would set out framing a scheme whereby the existing supposed clash of interests between the apex bank and the central banks may be eradicated.

20. Strictly speaking, a co-operative institution has no profits. The accrual of profits means that the bank's estimate of charges is more than what is necessary; and if one could correctly foresee, there ought not to be any surplus. For example, in stores, a good deal of the profits is distributed as bonus. The bonus is not income but only a confession that articles have been sold more dearly than necessary. The principle can well be applied to the apex bank and central banks. Co-operatively speaking, the profits of the apex bank could be distributed amongst its borrowers. I would therefore propose a scheme as follows :—

50 per cent of the net profits of the apex bank should be divided amongst the several central banks in the ratio of the interests on loans they severally paid to the apex bank. To the central banks which accept this scheme, the aliquot parts should be payable. Similarly, 50 per cent of the net profits of the central banks should be paid to the apex bank. Central Banks which agree to this scheme should agree to it for a period of at least six years. It must be distinctly realised that there is no room in the co-operative world for individualistics—whether persons or banks. The figures 50 per cent are merely suggested as concrete figures for discussion; they should be settled after further consideration.

21. The advantages of my scheme are as follows :—

In itself it is the assertion of a co-operative principle. Secondly, by identifying interests, the discussions now generally arising in competing rates between the several banks would cease and the intelligence now wasted in fostering individualistic profits would be more profitably diverted towards improving the entire movement.

Further, the apex bank now looks on any deposit in a central bank as so much money less borrowed from itself. Well, under my scheme of rebates the apex bank will feel that it gets half the profit as well. The central bank now considers that the apex bank is deriving a lot of profit by charging 7 per cent. Well, under my scheme the central bank will appreciate that it likewise derives a part of the profit which it otherwise considers it to be unfair.

22. To conclude, if principles are realised and acted up to, all the present disharmonies will disappear. For the inculcation of proper principles, large and expensive establishments are necessary. The most urgent thing to do is to recruit such establishments. Meanwhile to tone down present disharmonies, I present a scheme of rebates which scheme may be either dropped after a series of years or adopted as a permanent work measure.

THE BANKERS' CONFERENCE.

Proceedings of the Third Conference of the Co-operative Central Banks held at Mylapore, Madras, on Monday the 2nd May, 1927 at 12 noon.

The following Banks were represented by their delegates noted under each :—

1. The Madras Central Urban Bank, Ltd.
   1. The Hon'ble Mr. V. Ramadas Pantulu.
   2. Dewan Bahadur R. Ramachandra Rao Avl., C.S.I.
   3. Dr. S. Swaminadhan.
2. The Anantapur District Co-operative Central Bank, Ltd.
   1. Mr. H. Siva Rao.
   2. Mr. L. Gangadhara Sastri.
3. The Co-operative Central Bank, Ltd., Conjeevaram.
   1. Rao Saheb V. Venkatachariar.
   2. Mr. K. Rangaswami.
4. The Co-operative Central Bank, Ltd., Vellore.
   1. Rai Bahadur V. Murugesa Mudaliar.
   2. Mr. P. Natesan.
5. The Chittoor District Co-operative Central Bank, Ltd.
   1. Rao Saheb T. Srinivasa Rao.
   2. Mr. D. Vasudeva Rao.
6. The Coimbatore District Urban Bank, Ltd.
   Mr. N. Subramanyam.
7. The Cuddapah District Co-operative Central Bank, Ltd.
   Mr. V. Pichaiyya.
8. The Co-operative Central Banking Union, Ltd., Tanjore.
   1. Mr. N. Paramasiva Iyer.
   2. Mr. V. Venugopal Naidu.
9. The Christian Central Co-operative Bank, Ltd.
   1. Mr. S. Krishnaswami.
   2. Mr. G. Srirambabu Naidu.

10. The Ellore Central Co-operative Banking Union, Ltd.
    1. Mr. V. V. Narayana.
    2. Mr. A. Devaiya.
11. The Guntur District Co-operative Bank, Ltd., Tenali.
    Mr. B. Hanumantha Rao.
12. The Godavari District Co-operative Banking Union, Ltd., Cocanada.
    Mr. N. S. Koneti Rao.
13. The Krishna Co-operative Bank, Ltd., Masulipatam.
    1. Dr. B. Pattabhi Sitaramayya.
    2. Mr. D. Narasimham.
14. The Kurnool District Co-operative Central Bank, Ltd.
    1. Mr. R. Aiyakutti Iyengar.
    2. Mr. S. V. Narasimha Rao.
15. The Madura-Ramnad Central Co-operative Bank, Ltd.
    Mr. G. Srinivasaraghavachariar.
16. The Malabar District Co-operative Bank, Ltd., Calicut.
    Rao Saheb V. Krishna Menon.
17. The Nellore District Co-operative Banking Union, Ltd.
    1. Mr. K. V. Raghavachariar.
    2. Mr. O. Viswanatha Rao.
18. The Ramachandrapuram Co-operative Central Bank, Ltd.
    Mr. N. Satyanarayana.
19. The Sree Konaseema Co-operative Central Bank, Ltd., Amalapuram.
    Mr. N. Sriram Razu.
20. The Srivilliputtur Co-operative Banking Union, Ltd.
    Mr. R. Ananda Rao.
21. The South Canara Central Co-operative Bank, Ltd.
    1. Rao Saheb M. Ananta Rao.
    2. Mr. S. Ananda Rao.
22. The South Arcot District Co-operative Banking Union, Ltd.
    1. Mr. R. Krishnaswami Iyengar.
    2. Mr. V. Srinivasachariar.
23. The Salem District Urban Bank, Ltd.
    1. Mr. T. Adinarayana Chettiar.
    2. Mr. K. Sethumadhava Iyer.
24. The Trichinopoly District Urban Bank, Ltd.
    Mr. E. V. Gopalaswami Iyer.

25. The Tanjore District Co-operative Central Bank, Ltd., Kumbakonam.
    1. Mr. V. R. Srinivasan.
    2. Mr. V. Rangachari.
26. The Tinnevelly District Co-operative Banking Union, Ltd.
    Mr. T. S. Kanthimathinatha Pillai.
27. The Viziavada Central Co-operative Banking Union, Ltd.
    Mr. D. Vishnu Rao.
28. The Vizagapatam District Co-operative Banking Union, Ltd.
    Mr. C. Subba Rao.
    Mr. V. C. Rangaswami, the convener, was also present.

Mr. H. Siva Rao proposed and Mr. D. Vasudeva Rao seconded that Dr. Pattabhi Sitaramayya do take the Chair, which was unanimously carried.

1. Mr. V. C. Rangaswami (Convener) made a statement with regard to the action taken upon the resolutions of the last Conference. He reported that a dispute between the Tiruvannamalai Union and the Co-operative Central Bank, Ltd., Vellore, referred to the Working Committee for enquiry, was settled amicably between themselves and no further action was taken in the matter. He also stated that with regard to the resolutions of the last Bankers' Conference regarding the appointment of a paid Secretary and the creation of an administrative section in each Central Bank, circulars were issued to all the Central Banks requesting them to report on the action taken on the resolution. Only 20 out of the 31 Central Banks replied and a precis of the replies of the 20 Banks was read out to the meeting. He also brought to the notice of the Conference that with regard to the formation of a Central Audit Union a proposal of the Working Committee was included in the agenda of the Conference and will be placed before them when the subject came up for consideration.

2. Rao Saheb V. Krishna Menon moved and Mr. V. Rangachariar seconded "that this Conference requests the Madras Central Urban Bank, Ltd, to set apart out of the gross revenues a sum equivalent to the residue of the net profits transferred in the previous year to Reserve Fund, after making the primary allotments as per its bye-laws, and distribute it amongst the Central Banks *pro-rata* to the amounts sunk in the rural societies by each Central Bank in such manner as the Madras Central Urban Bank may decide, for the purpose of effectively carrying on consolidation and rectification of the primary societies, provided each Central Bank holds itself responsible for the efficient conduct of such work and also acts in consultation with and pursuant to the advice of the Apex Bank."

Dewan Bahadur R. Ramachandra Rao stated that the subvention proposed in the above resolution to non-borrowing Central Banks was un-co-operative and looked more like a charity dole. He objected to the system of granting any subvention to the Central Banks. He appealed to the house not to vote for the proposition, as in his opinion, the subventions proposed are likely to demoralise the Co-operative Banks.

Dr. S. Swaminadhan:—"I propose that the matter be remitted to the Provincial Co-operative Union for a workable proposition being formulated and the same be circulated to Central Banks for their information."

Messrs. T. Srinivasa Rao, V. Venugopal Naidu, R. Krishnaswami Iyengar, V. C. Rangaswami and Dr. B. Pattabhi Sitaramayya took part in the discussion.

Mr. N. Paramasiva Ayyar urged that immediate effect to the above proposition be given in the next Co-operative year.

Mr. V. Venkatanarayana proposed an amendment to the effect that the words "and pursuant to the advice of" be omitted.

Amendment being put to vote, was carried by a majority. And the original proposition as amended was put to the house and carried.

3. Mr. G. Srinivasaraghavachariar proposed as follows:—

"That with a view to avoid unnecessary delay, correspondence and trouble in the matter of the grant of loans, the discretion of fixing the maximum borrowing power of Societies and individual members thereof be left to the financing Bank on the recommendation of the General Body of the Society and of the Union concerned or in the absence of the Union, the Federation, subject, however, to the condition that such maximum shall not exceed one-eighth of the total net assets of the members in the case of societies and Rs. 3,000 in the case of individual members."

The proposition was duly seconded by Mr. H .Siva Rao.

Rao Saheb V. Venkatachariar spoke against the proposition and explained his reasons therefor. In the course of his speech he pointed out that in Chingleput out of 600 societies only 250 were working and after some effort 300 societies are now in working order.

Mr. N. Paramasiva Iyer supported the argument of Mr. V. Venkatachariar and mentioned that under the existing kind of scrutiny of the property statement, the resolution proposed will be a dangerous innovation.

Mr. O. Viswanatha Rao spoke in support of the proposition and mentioned that if the societies and the members of the societies should get the help needed from the financing Banks, this resolution was a prime necessity. He instanced the inordinate delays caused by the department in registering the amendment of the bye-laws in connection with the increased maximum borrowing power of the Societies as well as the members.

Dewan Bahadur R. Ramachandra Rao suggested the omission of one-eighth of the total net assets of members on the ground that in certain areas in the Presidency, it is found necessary to increase the maximum borrowing power of the Societies even to one-fourth of the net property valuation as in Atur Taluk, and suggested that the matter may be referred to the Provincial Co-operative Union for their opinion and for report to the next Conference.

The Chairman pointed out that the subject had come up before the Bankers' Conference in 1925 and that it was agreed that if a Society asked for increase of maximum borrowing power and the Union approved, the Central Bank might act upon it, pending ratification by the Deputy Registrar. In any case the delay in the registration of the necessary bye-law was vexatious and inconvenient and something must be done to facilitate the grant of loans.

Mr. K. V. Raghavachariar moved the deletion of the portion of the resolution occurring after the word "Federation" and beginning with "Subject however to."

The amendment was duly seconded and was put to the meeting and declared lost.

The original proposition was put to the meeting and passed unanimously.

As a rider to the above proposition, the following was moved and carried in order to obviate all doubts in the matter:—

"Provided that the limits fixed shall not be applicable to crop loans given by societies to the individual members thereof and by the Central Bank to the primary society."

4. Mr. N. Subramanya Iyer brought to the notice of the Conference that steps be taken to include the Co-operative Banks in the list of scheduled Banks in the Reserve Bank Bill. In proposing this proposition, he brought to the notice of the Conference the need for the above step and declared that it is necessary to have Co-operative Banks being included in the schedule in order that their interests may be safeguarded.

The Chairman of the meeting placed before the conference the resolution of the Board of Management of the Madras Central Urban Bank in regard to the Gold Standard and Reserve Bank Bill and it was resolved that the resolution of the Board of Management be approved with the addition of the words " and the Central Banks." after " Banks " in paragraph B, sub-section (*a*) of the resolution of the Board of Management on the above Bill.

Carried unanimously.

5. Resolved that the scheme of the financial proposals for the formation of an audit union for the Central Banks be circulated to the Central Banks for their opinion and brought up for consideration at the next Conference.

6. With reference to the levy of profession tax on Central Banks by the mofussil Municipalities, it was resolved that the attention of the Government be invited to G. O. No. 1140, L. & M., dated 13-10-25 and that in the ensuing amendment of the District Municipalities Act, the Government be requested to enact that in the matter of calculation of the assessment, the income derived by the transactions of a Co-operative Society with its members be excluded in determining the net income of such a society.

7. Resslved that a representation be made to the High Court of Madras under Section 20 of the Indian Trust Act enabling investments of Trust Funds being made in Co-operative Banks.

8. Resolved that the letter from the Shiyali Co-operative Supervising Union regarding the insistance by the Kumbakonam Central Bank of loan applications of members of the Primary Societies being forwarded to them, be referred to the Working Committee of the Bankers' Conference.

9. Read the representation of the Srivilliputtur Co-operative Supervising Union that the employment of a field staff by Central Banks be dropped, and resolved that their attention be drawn to the recommendations of the last Bankers' Conference in the matter.

10. Resolved that Rao Saheb T. Srinivasa Rao and Mr. G. Srinivasaraghavachariar be requested to draft the Central Banks' Manual and that the Central Banks and the Apex Bank do subscribe towards the incidental expenses. The Working Committee of the Bankers' Conference be requested to deal with the above proposal.

11. Mr. Natesan (Vellore) proposed that the Registrar be requested to enhance the present limit of borrowings fixed by him in respect of the deposits from Local Boards. The same was seconded by Rai Bahadur V. Murugesa Mudaliar, and motion being put to vote, was declared lost.

12. Resolved that the proposition of Mr. G. Srinivasaraghavachariar regarding the amendment of the model bye-laws dealing with the rural societies, supervising unions and Central Banks be so amended as to incorporate into them the suggestions of Rao Bahadur A. Vedachala Iyer as contained in pages 19 to 29, Part III of Notes and Papers relating to the XV Madras Provincial Co-operative Conference, be referred to the Working Committee for report to the next Conference.

With a vote of thanks to the Chair, the Conference dissolved.

MYLAPORE,
2nd May, 1227.

B. PATTABHI SITARAMAYYA,
Chairman.

CO-OPERATIVE MOVEMENT—PRESENT PROGRESS, DEFECTS AND FUTURE WORKING.

By Rao Bahadur A. Vedachala Iyer.

The Co-operative Movement in India generally and in the Madras Presidency in particular has been brought into existence by the initiative of Government by a special Act of the Governmet of India. The Government undertook the audit of institutions either free or on payment of fees and to appoint officers to control, guide and advise the movement. Besides, special concessions were given to the Co-operative Institutions in the shape of remission of income-tax, exemption from stamp duty and registration fees. The main object of the movement when introduced by Government was to help the agriculturist and agricultural industry so as to secure the economic uplift of the rural population and also to see that banking on co-operative principles was adopted in all parts and as distinguished from commercial banks which have not decentralised satisfactorily so as to reach the rural population and the poor in the towns.

2. The Co-operative movement in rural parts is an organised effort by voluntary organisations of the people to improve the agriculturist and agricultural and other allied industries in rural areas and should therefore secure sustained, incessant and earnest action so as to lead to the goal in view. The movement initiated by Government did its best to spread the principles of such organised effort in the country commencing from credit activities as the bed rock upon which other co-operative activities have to be built and the knowledge and experience gained in the working of credit activities by voluntary organisation was expected to lead to other necessary and useful activities by the people themselves when necessity arose.

3. If we try to analyse the growth of the co-operative movement in the Madras Presidency, we would notice that primary credit societies in rural areas came into existence with the aid of initial State help, that central banks doing deposit banking followed the primary credit societies and helped towards the spread of such institutions in the Presidency. The Government staff took an active part in the organisation, superintendence, control and audit of such financing and primary credit institutions. It was later on felt that the Government agency should be gradually replaced by non-official agency created by the institutions themselves. The Government agency was utilised to foster the growth of such non-official agency. The formation of local unions was devised with financial support from the primary institutions and from the financing agencies. The local unions autonomous in their working were brought into existence in

1918 in much larger numbers than before and the Government agency was expanded suitably to secure a self-contained establishment for each district so as to control the movement in each district and to arrange for the efficient working of the local unions and the central banks and also to arrange for the growth of a non-official federation in each district so as to evolve the growth of activities on healthy and financially sound lines in each district.

4. The moral support given to the movement by Government had placed the finance of the movement on a sound basis. The confidence of the public was secured to its full pitch (1) because of the audit of institutions by Government, (2) because of the Government Agency being expected to be employed to strengthen the non-official agency and to secure adequate efficiency in the working of such institutions and (3) because of the fact that the Imperial Bank had confidence in the financial position of the movement and it was pleased to give overdraft accommodation to the central financing agencies to the extent of 60 lakhs. The result of all these facilities was that the depositing public had entire confidence in the central banks and had given their money in such large volume that all the central banks in the Presidency with a few exceptions have got a surplus very nearly amounting to 60 lakhs and the overdraft accomodation with the Imperial Bank remains unused to a large extent. It will be seen that the credit financing institutions have now facilities to draw credit for about a crore of rupees more than that consumed by the primaries, but that the primary credit organisations have not been able or willing to utilise such resources. This will be an ideal stage of the co-operative movement if the co-operative agriculturists have no credit needs and if they are able to use for the benefit of the agriculturists their own resources. The facts are otherwise. The agriculturists are suffering for want of credit facilities, and are resorting to sowcars and money-lenders for their credit accommodation and the latter are charging much higher rates than those prevailing in co-operative institutions. The movement has not reached the agriculturist in a larger proportion than 4 per cent. and it has not been able to improve the village rural life to any appreciable extent as only less than 2 per cent. of the people in a village have joined the co-operative organisations. The appreciable improvement noticed is that the co-operative movement has planted in the country a number of small credit institutions for a very small number of people who have also dealings with private money-lenders and a few cases of other kinds of co-operative activities whenever adequate and efficient arrangements could be made. The village organisations have not grown on healthy and natural lines so as to make the people realise the co-operative principles in practice so as to apply them to all the affairs of everyday life.

It seems to be incumbent on all interested in the growth of the movement to scrutinse the work done hitherto, to find out the deficiencies and the causes which were contributory to such defects, to formulate proposals for the removal of such defects, to find out how far the official and non-official agencies have done their work and how they should be made to function so as to secure the maximum benefit with a minimum of expenditure. Such an investigation should be made in a general way for the Presidency and with a special care in regard to each district so that suggestions might be forthcoming as to the steps to be taken by the non-official agencies assisted by the official agency towards achieving a healthy progress of the movement, besides attempting a regular economic rural reconstruction and the establishment of a contented, attractive and happy rural life so as to attract the intelligentia to such life.

Official Agency.

I shall deal with the official agency as it was the first in the field to take the initiative in the movement and to work up the movement with a view to hand it over to non-official agencies well-equipped for the work designed for them, the Government agency being thereafter fixed up to the discharge of the statutory obligations under the Act. In the earlier stages of the movement, the work of the Government Agency consisted in carrying on education and propaganda, organisation and in supervising co-operative institutions directly besides the conduct of statutory audit.

The second Registrar felt that the Government Agency, however well-intentioned it may be, would become mechanical and lifeless and wanted to arrange for self-supervision by a local union, a legally constituted body composed of representatives of affiliated societies which derived its finance for its work from contributions by primary societies and by central banks.

The formation of such local unions was legally possible only after the passing of Act II of 1912. The resources available in such local unions were very low, the primaries contributing ½ per cent on the transactions conducted by them and the central banks giving a rebate of 4 annas on the interest realised from primaries on every loan of Rs. 100.

The third Registrar, the late L. D. Swamikannu Pillay, hit at some source of revenue with the help of which he could carry on the inspection and supervision work and therefore proposed the levy of an audit fee from all primary and central societies to be pooled by Government and to be utilised in the supervision work under the orders of the Registrar. This scheme stood self-condemned being neither an official nor a non-official agency and had to be given up by Government. Meanwhile the Government was anxious to spread the movement in every part of the

Presidency and gave the third Registrar a large establishment with the help of which he was asked to push on expansion of the credit movement to all parts of the Presidency.

Expansion of the movement was made but the supervision work was getting slackened owing to the limited staff at the disposal of the Registrar. The Government and the Registrar felt anxious about the deterioration in the work of primary societies and took active steps towards the formation of local unions and it was definitely laid down as a policy by Government that the local unions should be adequatefy strengthened by the primaries and the central banks and that the Government should arrange for securing their efficient working *even by deputing its staff to work* the unions which had not enough funds, till they were able to stand on their own legs and to work efficiently. Each district was given an Assistant Registrar with a Chief Inspector to assist him in Audit and he was asked to co-ordinate the activities of the local unions in each district and to arrange with the local unions to see that each union did its work satisfactorily by distributing the official and non-official supervisory staff suitably. This was the state of affairs in 1921. The local nnions began to assert themselves and wanted to get some powers for themselves and resented the interference of the Assistant Registrar or the Central Bank for the reason that these agencies not being in touch with local affairs did not correctly understand the viewpoints of local unions. .

The local unions were given the work of organisation, education and propaganda besides the power of recommending the grant of loans. At this stage, the local unions undertook responsibilities which they could not adequately discharge owing to want of resources, and the Government Agency arranged for withdrawing from all supervisory duties by dividing its staff into administrative and audit sections, the former being one or two in each district and the latter undertaking audit work purely. The redistribution of the Inspectorate staff of the department between administrative and audit is said to have been done for two reasons, (1) to facilitate the speedier de-officialisation of the movement in such items of administrative functions in which the non-official co-operators and institutions may be left to manage for themselves *wherever they are capable of doing so*, (2) to make the audit of societies *more speedy and systematic* on the one hand and *satisfactory and efficient* on the other. The introduction of this scheme in 1925 has been made when the local unions could not afford to maintain a suitable expert staff to undertake the duties which the Inspectors had been doing or were expected to do and when district federations had not begun to function adequately. The machinery of the inspecting official agency gravitated to 'audit' as *a more important factor* than supervision over rural primary societies. Co-operators have experienced that supervision over rural organisations should be continuous, incessant and conducted by well-equipped and efficient men.

The result was that the Assistant Registrar lost personal touch with the co operators in the primary society and with the condition of the primary organisations except the knowledge he could get from the statistics published as the result of annual audit and from stray reports sent by the administrative inspectors. The audit Inspectors visited each society for 2 or 3 days in a year and became useful for portraying the audited figures. The supervision work, education and propaganda had to be undertaken by the local unions, and district federations were formed to co-ordinate the activities of local unions. The local unions were themselves unable to secure the required finance to conduct their affairs and the formation of district federations still further depleted their finance. Apart from this, co-operators in rural institutions had to undertake the work of local unions and district federations without adequate funds, efficient supervisory staff and in a number of cases without adequate knowledge of co-operative principles or of administration of co-operative institutions.

In addition to the changes above-mentioned, the Registrar wanted to secure a permanent and self-contained service for the staff in the co-operative movement, and secured the sanction of Government to have 9 Deputy Registrars who will guide the policy of the credit movement through the Assistant Registrars in each district besides taking initiative in regard to non-credit activities. He also secured a Personal Assistant in the shape of a Deputy Registrar, and a Joint Registrar to relieve him in part and with responsibility of a portion of his work which has grown enormously. The Government now spends about 7 lakhs on behalf of the movement and could not be blamed for being ungenerous. It is not within the province of the non-officials interested in the co-operative movement to criticise the action of Government in strengthening the departmental staff in any manner it pleases, but we believe that the non-official co-operators can suggest to the Government that the money allotted can be more usefully spent in a better way so as to be more beneficial directly to the movement. After all, the movement must be conducted by the people themselves and the Government should assist them so as to secure this position. It seems to us very essential that the Government should place an officer at the head of the Co-operative Movement in each district who should be given a staff adequate to discharge his work both for audit and for guiding and advising the co-operators to manage their business. The district officer may be of the rank of the Dy. Registrar or of an Assistant Registrar—and non-official co-operators are not concerned with the principles of distribution of pay—so as to secure a self-contained service.

The present Deputy Registrars are not of much use to the movement because they could not discharge their duties in connection with non-credit activities unless they are in touch with credit organisations and the Assistant Registrars have no responsibility well-defined to regulate their work. The formation of the new cadre in the shape of Deputy Registrars was ostensibly to prevent the premature loses of officers who have gained knowledge and experience as the result of the policy of Government enjoining on the Registrar to replace Deputy Collector Assistant Registrars by a less costly agency without at the same time seriously impairing the efficiency of the Department. The Government should have waited to replace the Deputy Collector Assistant Registrars until it secured well equipped and efficient non-Deputy Collector Assistant Registrars. The creation of the grade of Deputy Registrars was practically an arrangement to supervise the Assistant Registrar and the Inspectorate and audit establishment, leaving the Registrar free from this aspect of work. The work to be assigned to the Assistant Registrar is set to be to devolve full responsibility in regard to credit work and the Deputy Registrar is proposed to be used for the work of non-credit activities and for administering or supervising the credit activities in two or three districts, each Deputy Registrar being in charge of those districts. The separation of credit and non-credit activities between two classes of officers is a matter of considerable practical difficulty not conducive to the healthy growth of either. The Dy. Registrar whose jurisdiction will extend over two or three districts can hardly be expected to stimulate and foster aud guide the non-credit activities in his jurisdiction owing to his having very little personal touch with the co-operators and credit side of the movement. An Assistant Registrar in each district without any Deputy Registrar over him which was the effect of the scheme of 1920-21 will be a better arrangement for both credit and non-credit activities being watched with care by a single responsible officer with a smaller jurisdiction and with more personal touch with the co-operators and the co-operative movement in the district. Co-operators who are to handle credit and non-credit activities are one and the same and the division of the superior Government Staff in the direction aforesaid will not be of great use for the expansion of the credit or non-credit activities. The Government establishment is decidedly getting top-heavy without corresponding advantage to the movement. The office of the Dy. Registrar will in practice deteriorate into one dealing with the correspondence between the Registrar and the Asst. Registrars. The Assistant Registrars in the districts will not feel the entire responsibility for the development of the

movement in all directions in each district. Even in regard to credit, the Assistant Registrar will in turn become a head supervisor or auditor. He would become a mere machine to answer to the dictates of the Deputy Registrar ignorant of local knowledge and conditions in the area of his jurisdiction. The post of Dy. Registrars should get abolished and competent Assistant Registrars should be made available in each district. To secure a self-contained service, some of the Asst. Registrars may be selection grade officers on higher pay. The Asst. Registrar should be looked up to as the officer in charge of the development of co-operation in each district. If this proposal is carried out in practice, the absolute importance and high utility of the Joint Registrar will be widely felt. The Registrar will have then to control the machinery of education, administration, supervision and propaganda and audit with the assistance of the Joint Registrar who may be of the status of a Deputy Registrar or even a higher one. He need be put on a higher status only when the Joint Registrar is to be selected as Registrar and not otherwise.

Whatever may be the views of Government in distributing its staff, co-operators feel that the following arrangements will be advantageous to the progress of the movement :—

1. Each district must have an efficient officer who will be an expert and serve as a guide, philosopher and friend of the movement and who can be expected to co-ordinate the activities of the official and non-official staff so that the one may supplement the other.

2. The non-official agencies for running the movement in each district, local unions and district federations, should be given suitable assistance by Government so as to run efficiently. The Government should not restrict its subsidy for education and propaganda. It sholuld also extend it for supervision which is and valuable phase of co-operative education. Such subsidy should be given only when it is established that the non-official institutions have done their best to spare their resources and for a limited period within which such institutions should work depending on their own resources for discharging their responsibilities.

3. Co-operative education should be scientifically tackled by Government undertaking it or by giving a large amount of subsidy to non-official bodies which may be expected to undertake the work. A regular and permanent arrangement must be made in this direction.

4. The Government staff entertained should be so distributed as to be useful in the direction of strengthening the non-official agencies but it should not be the background of regulating the non-official agencies. The Government should recognise the fact that in the present stage of the

movement where surplus in central banks is very heavy, and the agriculturists are in awful need of money, the overdues to central bauks by primaries are rising and the overdues by members to primaries have reached the breaking point, serious efforts should be put forward to strengthen in quality and quantity the non-official agencies by adequate assistance from the Government and from the central banks to rectify the past defects and avert a serious calamity to the credit side of the movement which in the view of many interested in the movement is impending and which acts as a hindrance to the progress of the movement in other directions.

Non-official Agency.

The working of the non-official agency has to be scrutinized with care to see how far the co-operative institutions have been working on proper lines, what defects are noticeable in their working and how such defects should be remedied. Before trying to deal with the question, we should find out what the non-official agencies are and we must trace the working of each in regard to its constitution, its resources and its personnel. As the investigation to be set on foot is in regard to credit activities, we may first turn our attention to rural credit societies on unlimited liablity basis.

2. A rural credit organisation is intended to be the combination in an organisation of *all persons resident in a village and connected with agricultural and other allied industries* to secure the economic improvement of each and every one in the village who may elect to *join the organisation voluntarily* by providing each member with credit facilities, in sufficient volume and at the required time for all purposes so as to carry on his profession with advantage. The test of the usefulness of a rural credit organisation is to find out how far the members use the credit facilities *without resorting to credit aid outside* to carry on their profession.

3. The defects in the working of existing rural societies may be noted below:—

(*a*) All the persons connected with the agricultural and other allied industries in the village have not joined the existing credit organisation and in fact only 5 per cent of the residents in each village have on the average joined such institutions. It cannot be pleaded that people have not joined such institutions because of unlimited liability, though this might have been a valid reason at the first inception of the movement. Many have not joined because of the existing institutions not being useful or designed to be useful to satisfy their needs. Every agriculturist, rich

or poor, landholder or lessee or varam tenant, wants throughout the year circulating capital in the shape of credit accommodation for carrying on the agricultural industry, and unless the institution supplies every one of them with credit to the desired and deserved extent, every one in the village cannot be expected to join the organisation or continue in it with faithfulness. At present, the few persons who have joined such societies are between the two stools of co-operative credit and moneylenders' and traders' credit. The more well-to-do men should not be excluded by restricting the borrowing limit of each member to a particular figure hitherto permitted in rural credit societies by the nervous departmental officers, and the poor should not get excluded by the high share capital insisted on by Government officers in the bylaws of such organisations. Each village credit organisation should be given a free hand to fix the borrowing power of members as suits the necessity of each and to recover as much share capital as is consistent with the power of even poor members to contribute. Credit is not raised on the strength of the paid up share capital in such organisations on unlimited liability basis but is dependent upon the net assets of all the members of the organisation. Any interference in this direction by the Government departmental officers or by the local union or supervisory staff should be given up and every resident in a village except the man of bad character should have facilities to join the institution and to secure whatever each wants consistent with the finance available and with the capacity to repay each has.

(2) Every member should get whatever credit accommodation he requires and at the time when wanted, provided he is ultimately solvent and has got adequate repaying power subject to the condition that the time fixed for repayment is proportioned to the repaying power as normally estimated and is extended suitably when causes beyond the control of the borrower operate as a bar to the borrower keeping up to his obligations. At present, the period of loan is dictated from above or outside as also the amount of loan to be given. Extension of time has been considered a book-adjustment by the departmental agency and interdicted in a majority of cases. Loans are not freely given when wanted with the result that repayments are not regular, and when the borrowers are pressed hard, they are driven into the hands of the sowcars. The mechanism of co-operative finance should be modified suitably to secure the aforesaid objects in view and this is perfectly feasible in the existing financing banks by a suitable adjustment. Any interference by outside agency, official or non-official, in this direction cannot but lead to the results now noticed by the members not getting credit accommodation at the time

wanted and regular and punctual members practically losing their faith or connection in the rural organisations.

(3) *Borrowing Power of the Society.* The usual formula for fixing the maximum borrowing power of a rural credit organisation is $\frac{1}{8}$ of the net assets of the members. This formula need be applied only for loans taken for longer periods than one year. For all crop loans i.e., for loans returnable in each year in full, each central bank can fix the maximum credit it can be prepared to allow under each head over and above the usual formula adopted. The fixing of such power in the by-laws subject to the approval of the departmental officer may have had some importance when such officers had personal touch with co-operative organisations. But the present state of affairs does not warrant the former procedure as the co-operative officers have no personal touch with the rural primary organisations. This matter should be settled by the primary society subject to the advice of the local union and the central bank and not interfered with by the departmental agency as at present.

(4) *Loans in rural primary societies.* The system followed till now apparently under the inspiration of the official agency, nay, even by compulsion is (i) to treat as short term loans those repayable in one year and the rest as long term loans, (ii) to allow long term loans up to a certain fixed proportion of the maximum borrowing power and to force the balance as short term loans on unwilling societies, (iii) to undertake to distribute the period of repayment of such loans to co-operators by extraneous agency, the union, the Assistant Registrar and the central bank, (iv) to grant extension of time in deserving cases under the sanction of similar authorities. Even this concession was permitted by the department only recently, though the by-laws made provision for the same year from the year 1919. These anamolies must disappear. The rural organisation should be given loans to the required volume which it wants either long term or short term. The former long term loan must be repaid by the rural society in 10 equal annual instalments, the first instalment commencing by the end of the 2nd year and interest being paid yearly or half-yearly as agreed upon. Short term loans must be made repayable by the primaries before the end of 16 months giving the latter 4 months' time to recover the dues from the members. There should be no interference by any outside agency in fixing the period of loan given to each member. The rural society should distribute the loan to its members with reference to the repaying power of each member and apply for extension of time to central banks when causes operate beyond the control of the rural people such as failure of monsoon, cattle diseases, flood damages etc. The rural society must be made to feel its entire responsibility to keep up its obligations to the

central bank by its being allowed full scope to exercise its liberty in the distribution of its loans to the members. The present intervention in this respect by the union, the Asst. Registrar or the central bank operates in the sense of responsibility being lightly felt by the rural societies. The long term credit now allowed even though it be for a period of 12 years is really an ordinary short period loan. Agricultural industry and the agriculturists require (i) credit accommodation which can be repaid in one year, which we may designate as "hand loan" or "கைக்கடன்", (ii) credit accommodation which must be made repayable in 2 to 10 years and which can be called "short term credit accommodation" for purposes of getting working capital useful for (*a*) purchase of cattle, (*b*) building houses and cattlesheds, (*c*) temporary mechanical appliances of small value such as purchase of baling buckets, putting up of picottah, and (iii) long term credit repayable in 20 to 30 years for redemption of old debts, making permanent improvements involving large outlay and for purchase of lands etc., for sinking of wells or effecting other permanent improvements

The third item of "Long term credit accommodation" should be made available by a different financing machinery such as Land Mortgage Banks. The existing central banks should deal with items (i) and (ii) and the primary societies should have the full responsibility of distributing such loans, fixing the periods of repayment and keeping up the obligations to the central bank, and for enforcing disciplinary measures in the recovery of dues from the members.

(5) *Collection.* The collection of dues by rural societies from its members should be done only by the executive of the society. The present system of the extraneous agency of the government staff, union staff and bank staff fixing a period as the collection season and putting unnecessary pressure at inopportune time should be given up. In cases where defaults occur, arbitration proceedings should be started in all cases in which extension of time is not given. The starting of such proceedings is an emphatic declaration on the part of the society that the dues should be repaid. Arbitrators should enquire into the causes of default and should allow facilities to the borrowers to pay up the dues even though they may have to pay higher rate of interest. In executing arbitration decrees, selection should be made only of such cases which could be cleared only by the sale of immovable property and not otherwise.

The primary society should discharge its responsibility in regard to collection of overdues from its members by taking all legal steps and should be able to show to the central banks that this duty has been discharged satisfactorily. Unless this is done, the rural society cannot expect financial help from the central bank to be distributed to the regular punctual members who have kept up their obligations to the society.

(6) The payment of dues may be in the form of produce which might be sold at a suitable time and credited in favour of each borrower and which sale would always be at the risk of the borrower. This was interdicted all along by the department which has however since relaxed the rule when it allowed crop loans in rural credit societies. The society will be expected to make adequate arrangements for the storage of such produce. The society should also have the privileges of storing up food grains in sufficient quantity so as to be available for loan as food grains to the members when they are in need. Impossible conditions such as insurance should not be insisted on. The amount involved in the transaction will be a standing credit on the stored produce when found necessary. This will be the nucleus of grain banks useful in famine time.

(7) *Forecast.* Soon after the close of each year or one month before the close of the year, the society will hold a general body meeting and review its transactions for the year, regulate the borrowing power of the members enhancing it when found necessary, fix the maximum borrowing power of the society both under long and short term (11 years and 1 year), fix the maximum borrowing power of each panchayat member, and sanction by fixing the amount of loan long term and short term which it calls upon the panchayat to secure from the central bank for the current year. The panchayat should report the proceedings to the local union with applications for loans in the prescribed forms with a revised property statement, not later than the end of July. The local union should hold an annual meeting of all the representatives of societies where all the panchayatdars of all societies should be present and the loan applications discussed with the panchayatdars and settled. Such loan applications should be sent up to the central bank immediately and disposed of by it without delay. Primary societies should execute the required bonds and loan orders should issue from the central bank to the societies. When a primary society gets fresh accession of strength or when more loan in the year is required, it is at liberty to send in such applications throughout the year giving full information relating to its solvency and to its regular working which the central bank may require. This system is not syetematically carried out in many Districts.

(8) Every rural organisation must be worked in such a way as to supply all the credit needs of each and every one of its members to the desired and deserved extent without any delay and throughout the year, and the ideal to be aimed at should be that a co-operator who joins a rural organisation should not ordinarily have to depend upon the trader or the money-lender for credit accommodation. The stream of credit should flow incessantly to all who may deserve it. It is only by such a process that the rural people will have abundant faith in the institution and will realise in full force the virtues of self-help, self-reliance and self-sacrifice.

(9) *Salary or remuneration to be allowed to an office bearer in the rural organisation*—It is no doubt an ideal to secure honorary service from every member of a rural organisation but the country is not able to produce in all places leisured men of capacity to undertake the work by sparing time not required to carry on their regular profession. Wherever work has to be done by an official of the society, even by payment of a reasonable remuneration consistent with the finance of the institution, this should not be stinted. It is really undesirable that the government auditor should disallow such remuneration even though it is allowed by the general body on the ground of want of sanction of the government officer. This matter should be dealt with by the society alone and its opinion should prevail. The local union and the central bank are at liberty to point out any disproportionate expenditure in this direction to the general body or the society.

In the North Arcot district, no remuneration was allowed to the secretary or the president, but some expenditure was allowed to be incurred for clerks appointed or for clerical service done. This was also disallowed if the clerk happened to be a relation of the secretary or the president. Later on, I understand that the Registrar has permitted the grant of an honorarium calculated at 25 per cent of the net profits. Since overdue interests are not treated as profits and all dues by the societies whether due or accrued are treated as expenditure, most of the societies could not return any appreciable net profit and 25 per cent of such profits is practically nil or at any rate no appreciable reward for the work to be done. Business aspects in banking must be paid for whether there is profit or not. Taking the statistics of last year, the societies whose transactions were less than Rs. 5,000 would get nothing. The result has been complete demoralisation in account-keeping which has now practically to be done by the supervisor to the detriment of his legitimate work. The formula in force in the district before 1919 was to give a salary of ½ rupee per mensem for every 1,000 rupess of transactions in the society with a minimum of Rs. 2 per mensem below Rs. 2,000 and up to Rs. 4,000. This is a better arrangement in regard to societies whose transactions are below Rs. 15,000.

(10) *Want of Human Material.*—This defect is due to the restricted uses of the society by a few persons and the absence of systematised method of educating the co-operators in their duties and privileges. The first defect will get remedied when all persons in a village are allowed

facilities to join the institution and when by extended transactions, competent men on reasonable remuneration can be secured to run the affairs of the society satisfactorily. The second defect will get remedied by the local unions securing expert supervisors with adequate knowledge and on attractive remuneration who will be the guide, philosopher and friend. Till 1924, this function was attempted to be performed by Government Inspectors, but being an extraneous agency liable to frequent shifting and with divided responsibility between the union and the government staff, the work done became lifeless, mechanical and got concentrated in securing a mathematical and mechanical audit. The supervisor and the local union agency must be equipped suitably so as to secure the gradual evolution of the working of each society affiliated to each union. There should not only be decided improvement in point of gradual growth but also in keeping a balanced adjustment of work between administration and audit after paying adequate attention to financial principles and to the practical policy to be adopted advantageous to rural economy.

(11) The local society should evolve its own scheme of development in any direction found expedient and there should be no dictation from an external agency. Even the local union should only give the advice which ordinarily an expert can be expected to give. Non-credit activity or formulation of scheme for subsidiary occupation or any other activity beneficial to the agricultural population should be initiated by the society itself either singly or in groups worked with financial responsibility subject to all assistance financial or otherwise rendered by official and non-official agencies for supervision, control and audit.

(12) The local union is an autonomous institution brought into existence by a number of primary institutions for giving expert advice in the management of rural organaisations, credit or non-credit, and for serving as the morally responsible agent of the central bank in financial matters and supervision. The union should employ a well-qualified supervisor whose main duty is to educate co-operators in their duties and responsibilities and who should pay attention to the administration of co-operative organisation for all kinds of activities in the area committed to its charge. The local unions should be maintained in a high level of efficiency supplied with the required finance by the primary organisations and the central banks. An efficient local union implies efficient working of primary organisations and will be a better reserve for the central bank than the amount set apart every year out of its profits. The local union is the non-official unit of organisation to secure the publication of agricultural improvements formulated by agricultural experts. The formation of local unions with inadequate financial resources and ill-paid and ill-equipped staff at present should stop.

13. The District Federation is a union of all co-operative activities in the district, rural and urban, and should employ a well-equipped expert staff and guide the entire movement in the district. Its resources should be supplied by the local unions and the central bank and where financial help may be required, State subsidy should be forthcoming. The State staff will thereafter concern itself with the publication of audited statistics, the District Federation publishing reports on the administration of the co-operative movement in each district. The district federations, many of them, were formed during the last two years with very little resources and ill-paid staff.

14. The central banks, unlike commercial banks, will have to adjust its finance to suit the requirements of the agricultural and allied rural industries and to take all steps to advance the agricultural industry as far as practicable, to get increased income and reduction in expenditure in the agricultural industry. It has to shoulder the responsibility of efficient working of all the organisations it finances instead of merely looking up to the ultimate financial solvency of such institutions. The district central bank is the one institution designed for affording credit facilities for the progress of agriculture in each district. It should not only finance co-operative institutions connected with agriculture to the fullest extent so that all agriculturists and labour connected with agriculture and other rural industries may join the movement, but it should also devise a scheme by which credit liberated is utilised to the advantage of the agriculturists. It should not merely content itself with making a small money contribution for supervision purposes but it should take active steps to see that the supervising agencies are kept up in a state of efficiency not merely in account keeping and office routine as at present the unions are doing but also in the work of distributing with care credit facilities to co-operators consistent with their repaying power and in serving the cause of the agriculturist and agricultural industry in every direction.

15. The system under which the Government appoint Honorary Asst. Registrars is not sound as a step of State aid. The men selected by Government are merely utilised for the recording of decrees in cases transferred to them by the official Assistant Registrars and the men selected are not invariably persons acquainted with the progress and ideal of the movement or connected with local union and the district federation. They are invariably men recommended by Assistant Registrars. They are not allowed to do supervision or inspection work and have no jurisdiction with a goal to attend to the progress of the movement in all directions in that area.

16. *Co-operative Education.* The training of supervisory staff, official and non-official, and of the managerial staff of the financing agencies and primary societies has not been hitherto carried on in any scientific method and the co-operators have not had the required opportunities for education. The inspecting staff of Government which undertook this work in 1919 and the union staff which was asked to do the work later on have not done their duty satisfactorily with the result that the societies have not worked in a satisfactory way. The Government recognised this defect in a way and allotted Rs. 1200 to the Provincial Union and Rs. 1000 each to two district federations. Education to be carried on by local unions and district federations should be thorough and incessant and should be entrusted to non-official agencies. An allotment of Rs. 50,000 for a period of 5 years will be more than ample and will relieve the Government of its charges in regard to supervisory staff. The more trust that is placed in the non-official agency, the greater will be the scope for the realisation of the responsibility of the non-official agency. A similar contribution extra should be made by the central banks and each district will have then to work out co-operative education and supervision in a satisfactory way.

II. MEMORANDUM

By Rao Bahadur A. Vedachala Aiyar.

Non-official Agencies—Duties, responsibilities—How to discharge them.

A Registrar under the co-operative societies act is expected to combine in him the qualifications of an expert in banking, trade and industry and of an administrator. The Registrar hitherto tendered his advice as an expert and administered the movement himself consulting the best interests of those for whom the movement is intended. The Registrar had under him the required staff of Inspectors and members to secure supervision and audit and was assisted by local unions, district federations and central banks with the staff made available out of the limited super. vision fund contributed by the primaries and the central banks.

2. As the result of the policy of the Department to do away with Inspectors for supervision and to concentrate its attention on *Audit*, leaving the supervision solely in the hands of non-official agencies, the Registrar and his staff abdicated the functions of administration (supervision being one branch of it). From 1924, the departmental staff became a purely auditing agency so far as the credit side of the movement is concerned. The Registrar is at present an authority to review the work done by the non-official agency as regards the credit side of the movement. Hence

the non-official agencies have hereafter to discharge all the administrative and supervisory duties in the movement hitherto undertaken by the Registrar and his staff of supervision and should devise methods for discharging this responsibility and to secure a steady and well-ordered progress of the credit movement with adequate ways and means. This is the problem of the hour and on the solution of the problem satisfactorily depends the progress of the credit movement. The non-official agencies—local unions, district federations, and central banks have not at present got men with expert knowledge for outdoor duties as the departmental staff was expected to have nor have they the administrative capacity of the Departmental staff including Assistant Registrar which the department put forth or was expected to put forth with its unlimited resources. The non-official agencies can shoulder their responsibility at present only by employing adequately paid and efficient men so as to secure expert guidance and management efficiency. The resources of the non-official agencies have hitherto been meagre which admitted only of equipping local unions with men on low pay, in efficient training and inadequate knowledge and the Dt. Federations without competent and adequate staff to direct the efficient working of local unions. The supervisors attached to local unions are, at least, competent to arrange for attending to routine account-keeping in the primaries, mechanical closing of accounts and for educating the co-operators in the elementary principles of co-operation besides assisting the primaries in administering them in a routine fashion. More cannot be expected of them and better men could not be attracted for such posts owing to low pay. The Government Inspectors were at one time expected to regulate the working of primaries and of local unions from a higher standpoint and to regulate the credit movement in all aspects, but such men are not now available for administering the movement by the non-official agencies. The non-official agencies should therefore employ men with similar or even better qualications on adequate pay with proper equipment and training to carry on the administration of the movement. Thus has arisen a necessity for the entertainment, by the non-official agencies, of competent men to take the place of Government Inspectors and not auditors entertained by Government till about 3 years ago. It is out of question to secure such men for each union as the cost will be prohibitive. The only possibility seems to be to entertain a sufficient number of men for each Dt. with reference to the funds made available. Probably, one man may be required for 75 societies so as to regulate the work of local unions in addition to the staff of supervisors entertained in each union. The Government regulated this higher phase of work by having an Assistant Registrar at the head of the staff of Inspectors for each Dt, whose duty consisted in regulating the work of the supervisory staff entertained by Government and by the non-official agencies besides statutory audit. The centralised non-official agency for the Dts. should likewise employ well-paid expert man or men to run the whole non-official machinery of the movement on efficient lines with equal or better equipment than the Assistant Registrar. Thus we have to note the fact that the non-official agencies will have to pay urgent attention to the factors noted below:—

(1) The primary societies should be worked on business lines with strict adherence to co-operative principles and should have a free hand to tax themselves to employ honorary or paid men to get the work done efficiently. They should pay for getting the clerical work done efficiently out of their resources as they wish and not controlled by Government Staff.

(2) The primaries should also arrange for the maintenance of the local unions in an efficient state by contributions on a fixed scale. It is suggested that instead of ½ p. c. on their transactions being given as contribution to local unions, the primaries may set apart 1 p. c. on the transactions as the maximum of expenditure to be incurred by them for keeping an adequate clerical staff for running the primaries and for the maintenance of the local union. The primary organisations need not build up a large amount of money reserve as the result of saving in such expenditure in the maintenance of local unions as their real safety consists in their net assets and in their efficient working with efficient and well-equipped staff for running the local union and for getting the clerical business work done in the primaries. The one p c. suggested is purely tentative and will get reduced as the transactions expand which ought to be aimed at and for which there is considerable scope.

(3) The District Federation or the Dt. Central bank, the centralised non-official agency for each district, should employ a highly paid administrative officer with adequate pay and well-equipped to discharge all the work undertaken by the Government Assistant Registrar except audit. Such an officer will have under him, the higher paid staff, one for 75 societies or so, with whose help he should be able to get the movement progress on healthy lines.

(4) The centralised non-official agency should arrange for co-operative education classes for the benefit of the supervisory and administrative staff and for the training of office-bearers of primaries and local unions. This is an important and urgent work, the neglect of which has led to the present condition of the movement and which should be undertaken on scientific and well thought out lines. This work should be undertaken with adequate subsidy from Government and with the assistance and co-operation of the Provincial Union.

The question for serious consideration is one of funds required for the discharge in full of the responsibility devolving on the non-official agencies. The primaries can only be expected to run their institutions and to contribute adequately to run the local unions. They are unable to spare any money for the entertainment of the higher supervising and administrative staff indispensably necessary for the successful carrying on of the credit side of the movement. They are at present contributing a portion of their income to Dt. Federations after securing the usual contribution to supervision fund from the Dt. Bank. This arrangement starves the union staff and does not enable the Dt. Federation to keep adequate staff. Barring State subsidy which should not be expected ordinarily, the only agency which has to provide for the staff is the central financing bank in each Dt.

The central banks will have to note that in their interest as regards the safety of the investment in primaries already made and the expansion of their transaction in the future, they should contribute at least 8 as. on interest realised on every loan of Rs. 100 to be placed at the disposal of the central co-ordinating and controlling non-official agency with the help of which a district supervision controlling officer and a number of higher equipped staff should be entertained and the whole co-operative movement directed on well laid out policy in the district directly and through local unions. The real reserve of safety for the financing central bank is the efficient working of primary organisations and not the amount accumulated out of profits as their reserve fund and the central banks should be made to realise that even at the sacrifice of such money reserve accumulation or distribution of high dividend, they should liberate ½ p.c. of the interest realised on every loan to primaries of Rs. 100 as contribution for supervision by non-official agencies to secure maximum efficiency in the working of the movement. The central banks are at present paying ¼ p. c. on interest realised on each loan of Rs. 100 to the local unions and the supervision work is undertaken by local unions aided by Dt. Federations. This contribution is not sufficient for carrying on the work efficiently and will therefore have to be enhanced to 8 as. on the interest realised on each loan of Rs. 100. This contribution will be earmarked for employing higher supervising agency by the central non-official agency in each Dt. The necessity for higher supervising staff under the control of the central non-official agency will be patent when we take note of the fact that the administration report of each primary institution will have to be got prepared, statistics tabulated and published for the benefit of the public by the central agency and that the initiative for the development of the movement not only in credit but also in other non-credit activities will have to be taken up by the non-official agencies and their development will only be practicable with an expert staff to advise and guide the movement.

Another factor to be borne in mind is the fact that Government audit is being carried out within a year after the close of each year and in consequence, the financial position in each primary organisation is not ascertainable by the central financing bank at a time when the primary societies composed of agriculturists require credit accommodation, that is, from July to December in each year. The Government audit is not of much use to the Central banks in regulating the amount of credit to be allowed to the primary societies in each year. The Government audit is however absolutely necessary for publication to the public to secure the confidence of the depositors in the financing banks. The non-official agencies will have to make suitable arrangements for a thorough overhauling report on the working of each society between April to July and such work cannot be ordinarily entrusted safely to the union supervisors. Hence the higher supervising staff described above is an absolute and urgent neceesity to enable the non-official agencies to discharge their responsibility effectively.

The non-official agencies are being and will have to be kept up purely by the borrowers in primary organisations and the financial side of the unofficial supervisory and administrative agency cannot be put on a healthy and efficient footing unless rural primary organisations expand in their sphere of working by bringing all the agriculturists into the movement, by providing them with the required and deserved credit accommodation to satisfy all the needs at all times for all purposes without any delay so as to make them stick up to co-operative organisations without their drifting at any time to the moneylenders and traders for credit accommodation.

4. From the above, it will be clearly seen that the central bank in each District is the only agency which should liberate the funds required to carry on the higher supervisory and advisory duties which the departmental staff was expected to do with its expert staff of inspectors and auditors and Assistant Registrar. Co-operators connected with the central bank should first secure the consent of the central bank to realise its responsibility in this direction and to make the required funds available. There has however been a controversy as to whether the administrative and higher supervisory duties should be carried with the aid of the Government staff proposed under the direction of the central bank or District Federation in each District. The advocates on behalf of the central bank urge that, as it is bound to supply the required funds, the central bank alone is competent and entitled to have control over the additional stuff. The advocates on behalf of the District Federation

contend that it is unwise to mix up finance and supervision and that the District Federation should undertake the supervisory and administrative work involved leaving the central bank to deal only with financial problems. The District Federations are at present practically a teaching agency (Education and propaganda) and to secure effective supervision by local unions over primaries and may be fitted to discharge the administrative duties, provided expert Government staff of the right type and required number are made available. In are practice, one can note that the Dt. Federation and the central bank are practically worked by one set of people, the representatives of co-operative institutions except the individual shareholders in the central banks whose services can be utillsed in the District Federations by providing for suitable representation or by co-option. This is not a difficult matter whose solution need have to be delayed. The District Federation and the central bank might Jointly meet and settle in each District how and by whom the higher supervisory and administrative duties should be controlled. No uniform procedure need be prescribed for all Districts to operate for all time. The whole question hangs upon the human material, paid or honorary, which is available in each District for carrying out the functions of the centralised agency. The efficient discharge of administrative and supervisory work, education and propaganda, form really valuable assets to the central banks which can work as co-operative banks when such functions are undertaken by it or by other well-equipped bodies with its support.

5. The foregoing paragraphs deal with the question how to strengthen the non-official agencies so that they might function efficiently independent of Government assistance which however is not available to any appreciable extent. But co-operators and non-official agencies have to tackle urgently the serious problem of heavy surplus in financing banks, mounting overdues in the obligations of the primaries to the central banks and of the members to the primaries, and the heavy demand of the co-operators for credit accommodation, the non-satisfying of which gravitates them to the traders and sowcars. Many primary societies have got moribund in their working. The Registrar has noted these defects in his administration report ending with 30th June 1926. He has issued a circular after the close of the year indicating the lines on which District Federations and Unions, in consultation with the Central Banks, should tackle each area one after another by overhauling existing societies and organising new societies in order that greater facilities may be given for credit to reach all the needy and thrifty ryots of the localities. The Registrar practically suggests more vigorous and efficient supervision. How are we to give effect to the Registrar's circular? The attenuated resources of the department are unable to provide the staff

required for reconstruction of the credit side of the movement. No doubt the department is spending a lot but it is lost owing to the advent of too liberally paid superior controlling staff in the department and owing to the undue importance placed on the audit of primary societies. The departmental staff has practically become an association of auditors as regards the credit side to get the audit done in the year succeeding the year for which the audit is made with no personal touch with the co-operators and with no local knowledge. The higher controlling staff has no means of securing adequate knowledge of the activities of the primaries having no administrative staff worth the name. The overhauling work could not be done by District Federations which were whipped into existence during 24—25 and 25—26 without adequate funds and such funds were taken out of local unions starving them. The local unions could not undertake the special work which is a laborious and costly one taking society by society and trying to mend the defects of a number of years.

Local Union Supervisors are a majority of them, owing to inadequate equipment, unfitted to undertake this overhauling and reconstruction work. Hence necessity has urgently arisen pending permanent arrangements for vigorous and efficient supervision, to create a special administrative staff to tackle the problem of reconstruction. The Registrar holds that unless such arrangements are made very early, financial chaos will ensue. Many co-operators hold that financial chaos has already crept in the movement and serious results will ensue unless the central banks, district federations and local unions, and primary organisations work up in each District putting forth their best energy by employing well-equipped special staff maintained out of special contribution by the central bank. It is a matter of detail whether as advised by the department the work is to be undertaken with a few men one union area after another, or by recruiting special staff in sufficient numbers to cover the whole District in one year or less. The latter alternative seems to be a wiser course as the downfall can be arrested sooner and as such an investigation will lead to extended transactions paving the way for permanent arrangements already suggested. The suggestion now made is to ask the central banks in each District to set apart ½ p.c. on interest realised from rural primaries on every loan of Rs. 100 as reconstruction fund over and above the usual debate ¼ R. given to local unions wherever, central banks can afford it. This arrangement will be temporary and at most will operate for a year or two. This sacrifice suggested to be made by the share-holders of the bank is for the purpose of strengthening the safety of the finance of the bank and for pulling up the downward march of primary societies whoever might have caused it. It is hoped that

co-operators will realise that the increased taxation proposed is inevitable seeing that Government help is not available and that the banks should not unwisely commit their own suicide.

6. As a piece of information, I may note the particulars below under demand, collection and balance of dues under principal and interest.

		Average.
Overdues by Primary societies to central banks under principal	...	16·76
Do.	under current interest ...	2·93
Do.	under arrear interest ...	24·84
Overdues by members to primaries under principal	...	44·11
Do	Current interest ...	37·81
Do	Arrear interest ...	53· 5

Statistics of certain Districts which take a prominent place in backwardness are given below:

Between Primaries and Central Banks

District.		Principal.	Current Interest.	Arrear Interest.
North Arcot	...	37'36	5'06	20'93
Salem	...	49'89	6'40	27'90
Chittoor	...	68'26	6'40	27'90
Madura-Ramnad	...	26'51	3'25	72.29
Srivilliputtur	...	20'44	7'92	15'83
Kurnool	...	46'12	0'51	
Bellary	...	49'20	0'56	
Cuddappah	...	41'82	9.48	49'17

Between Members and primaries.

		Principal.	Arrear.	Current.
North Arcot	...	66'20	52'55	49'30
Chittoor	...	70'99	60'47	50'55
Salem	...	64.59	52'13	51'61
Arcot South	...	54'30	52'34	39'88
Chingleput	...	50'52	57'10	36'48
Madura	...	53'72	60'49	50'16
Ramnad	...	46'48	65 86	39'08
Kurnool	...	68'67	42'00	57'67
Bellary	...	57'63	46'85	26'17
Cuddappah	...	66'05	66'52	50'61
Anantapur	...	61'80	61'32	54'24
Malabar	...	51'19	54'52	42'56
Nilgiris	...	77'78	63'77	67'02

Where percentages have gone up to more than 20 or 30 per cent, there might have been very good reasons but we are not in a position to find them out from the Registrar's administration report. However co-operators have to feel serious anxiety in such areas in regard to the credit side of the movement. In all banking concerns, the downward course has a greater velocity than the upward course. Hence urgent action has to be taken towards reconstruction work and this is practicable only when the Central Banks agree to make the sacrifice suggested. Personally I feel that the State which initiated and fostered the movement hitherto might realise the gravity of the situation and render hearty and efficient assistance by men and money to the non-official agencies. In case where co-operators feel that they could not undertake this work without State subsidy, they will have to make out a case with figures showing how far they have done their best themselves and to address Government through the Provincial Union.

THE EIGHTH
Nellore District Co-operative Conference
1927

PRESIDENTIAL ADDRESS

BY

THE HON'BLE V. RAMADAS PANTULU.

BROTHER CO-OPERATORS,

The sum and substance of the results arrived at by non-official co-operators, by such self-study as they were able to make, with the materials at their disposal, is that a stage has arrived in the movement when sustained and intensive work of Consolidation and Rectification should proceed apace with a courageous, nevertheless cautious process of Expansion. The need for consolidation arises, not merely from the realisation of the stubborn fact that all is not well with the normal activities of several of our existing organisations, but also from the equally arresting fact of the growing consciousness among Co-operators that the Movement has not yielded the genuine benefits that were expected of it. The Credit Movement certainly yielded some beneficial results and we could perhaps not have done much better in two decades, having regard to the limitations under which voluntary associations of illiterate villagers, organised for the satisfaction of their practically unlimited common needs, have to work under an alien bureaucratic system of Government. But that is small consolation. The true aim of Agricultural Co-operation, as I understand it, is the deliverance of its members from the state of an utter subservience to the usurer and the middleman, owing to lack of humane credit facilities and organisations for production and sale of their agricultural produce. The real test of our past work therefore is, have Co-operative institutions been able to bring about, in any tangible degree, the financial independence and economic self-sufficiency of those who come within their fold? In other words, has the economic efficiency of the ryot been appreciably raised by the co-operative institutions? The experience of men with knowledge of rural conditions and the bulk of the evidence let in before the Royal Commission on Agriculture are distinctly against any extravagant claims of Co-operators in this behalf. The demand for an honest stock-taking of our past achievements and for focussing informed opinion on the best lines along which future work of Expansion should proceed has not there fore come a day too soon.

A Plea for Self-study.

But the Government of India is nothing if it is not wholly self-complacent about the perfection of its departmental machinery. Sir Mahomed Habibullah, in opposing the resolution of Sir Ebrahim Haroon Jaffer asking for an enquiry into the working of the Movement and the methods of improving it, said that no *prima facie* case was made out against the efficiency of the departmental work and that the progress so far achieved by the combined efforts of official and non-official agencies staggered his imagination. The imagination of the Government of India must indeed be very poor if it is so easily staggered. Sir Mahomed Habibulla however left the door open for some sort of enquiry by offering the gratuitous advice that it was up to any province to search its own heart, if it was so minded. The "Province," thanks to Dyarchy, stands for the "Development Minister" who is constantly in the leading strings of his bureaucratic advisers who virtually control the movement and who are beholden to reserved half *alias* the steel frame. The non-official co-operators, I need hardly say, are in entire disagreement with the spokesman of the Government of India in the Council of State. who is to be admired more for his robust optimism than for his knowledge of affairs relating to the movement. The XIV Madras Provincial Co-operative Conference put forward a strong plea for an enquiry into the conditions of the movement. The Madras Legislative Council also adopted, at the instance of my friend, Mr. C. Gopala Menon, a resolution on the subject much on the same lines. The consideration of these proposals is still in a state of incubation and no one knows what the scope or utility of the enquiry will be when it emerges into light. Moreover, it is common knowledge that whatever may be the recommendations of the Committee, which the present Development Minister promises to appoint in the near future, the actual boons that may ultimately accrue will only be those that will trickle down through the bureaucratic layers of the Ministry which are proverbially impervious to progress. So in Co-operative Swaraj, as in Political Swaraj, self-study and self-reliance alone can be depended upon as effective means of further advance. It is therefore in a spirit of self-examination or "searching of the heart" to use Sir Mahomed Habibullah's phrase, that I venture to place before you a few suggestions for your consideration.

Co-operative Education

He who runs may read that the principle of thrift and the value of associated effort are little understood by the rural Co-operator. So long as a Co-operative Society is not conceived in practice as a voluntary rural organisation for the satisfaction of the common economic needs of its members by genuine associated effort and practice of thrift, it will degenerate into a petty banking company run by a few village folk who use it on odd occasions as a supplemental agency to the existing money-lending agencies. It is therefore no wonder if a member of a Co-operative Society does not realise the significance of the doctrine that he is both the lender and the borrower and that he is injuring the lender in himself if he promises to pay when he could not and neglects to pay when he could. The numerous corrupt practices that have crept into these "People's Banks" are the necessary consequences of the want of correct understanding of Co-operative theory and practice. Evils like, locking up money in the panchayats by benami transactions, non-payment of loans, re-loaning, retainment of cash balances, misappropriation and the like are the results of co-operators not knowing their own true interests. Education in co-operative principles alone can eradicate them. Disciplinary measures may be of some use but they go a very little way. "The remedy lies not in the use of the rod, not in threats of prosecution, arbitration, decrees, and auction. The appeal should be to the moral element in him, to the civic instincts in him and thus the pressure of the disciplined organised group of co-operators in the village should be introduced in the place of those unco-operative methods, methods which, while reproducing those of the money-lender, fail to render even his little beneficial services." The more I extend my sphere of association with these institutions the more I feel oppressed by the conclusion that no improvement is possible without an extensive and strenuous system of education in the principles of Co-operation.

Consolidation.

A tremendous impetus was given to consolidation and rectification by the energy and initiative of Dewan Bahadur R. Ramachandra Rao, whose accession to the ranks of non-official Co-operators has proved a source of real strength to the movement. The method adopted by him is a drive from the centre in the initial stages but he has kept in view the ultimate ideal of building from within. Experience has shown that both these processes may go on simultaneously and there is no logical or biological sequence in them. The work of consolidation is going on in many centres now and it is too soon to pronounce an opinion either on its quantitative or its qualitative results. But this work has brought to the surface some of the deep-seated discontents with the organisations and disclosed the necessity for coming to definite practical conclusions on some of the controversial theoretic aspects of the movement. Of the many processes with which we are dissatisfied, the two most important are supervision and audit. The Government have now virtually abandoned supervision and so, such blame as is attached to lack of proper supervision has now to be apportioned between the Panchayats, Unions and Federations, Central Banks and the Provincial Bank. It will be obviously impossible to consolidate or rectify without reforming and strengthening the supervising agencies. How best to do it I shall leave to the Conference to discuss and decide upon. In respect to audit, it is impossible to acquit the Government of blame. That the system of audit is inefficient and does not satisfy even the bare requirements of law is patent to every impartial observer. The Act expressly requires that audit shall include an examination of overdues and valuation of assets and liabilities. Even these minimum statutory conditions are but very inadequately and indifferently satisfied. But the Maclagan Committee, whose view was fully endorsed by Registrars like Mr. Hemingway, have laid down that audit should extend beyond the bare requirements of the Act and should embrace an enquiry into all the circumstances of the society. This sound advice is honoured by responsible authorities more in the breach than in its observance. My friend, Rao Sahib T. Srinivasa Rao is discharging a very useful duty to the movement by constantly drawing attention to the inefficiency of audit. I find that his complaints about the enormous delay in furnishing audit reports, non-issue of interim audit reports and the like are still unattended to, so much so that in sheer disgust the demand for the supply of audit reports is given up in some cases, for it serves no useful purpose after the lapse of an inconveniently long interval. If ever the Development Minister is going to search his heart I hope he will pay due attention to this vital matter.

Central Bank *vs.* Federation.

One of the controversies that is brought to a head by the consolidation programme is the question of the proper agency for conducting a close, continuous and efficient supervision over the societies. The 'Supervising Unions' are there of course, and there is an absolute unanimity of opinion on the necessity to strengthen and better equip them for the due discharge of their duties. But over and above such supervision as the 'Unions' may exercise, the need for some higher control and supervision is also conceded. It is in the determination of the

higher agency there is the rub. There are eminent co-operators who hold that the District Federations alone must do the work and not the Central Banks, in other words, supervision must be divorced from finance. There are equally eminent co-operators who hold precisely the contrary view and say that the higher supervision in addition to that done by the Unions should vest in the Central Bank and not in the Federation. I feel I am not yet in a position to pronounce an opinion on the controversy. I still keep an open mind. *Prima facie* it strikes me that the view that Central Banks should have no control and supervision over the Societies is an extreme one. It is urged that at the bottom the debtor society does not realise its duties to the lender in itself and thereby injures its own interests. If so, does it not follow equally that at the top the debtor Central Bank will injure its own interests by not realising its responsibilities and duties to its lenders, viz., the depositing constituents, the M. C. U. B., the Imperial Bank, and in fact to the public at large. How can a Central Bank discharge those duties except by keeping constantly in touch with the borrowing societies. There is undoubtedly some force in the contention that much of the present unsatisfactory state of 'co-operative finance' is attributable to the little or no interest which central banks were permitted to take in the affairs of the societies. I know it will be urged on the other side that if the Unions and Federations properly function, there would have been no overdues, embezzlements and the like and that the proper remedy therefore lies in strengthening these supervisory bodies and not to vest the power in the lender bank. As I said, however, I prefer to be educated more fully on this matter. At any rate, I am clear on one position namely, if the District Federations have come to stay, let them do so; but let them not be so conceived as to supersede the central banks in the matter of supervision altogether. Find a *via media* if you must.

Expansion

The work of consolidation should not serve as an excuse to hold up the normal process of expansion or prove a hindrance to it. It is palpably unjust for new areas to wait for development until old ones are rectified. Moreover, the movement will receive a setback if the process of expansion is deliberately arrested. In addition to this quantitative expansion of credit societies, there is supreme need for widening and enlarging the sphere of the variety of our activities also both on the credit and non-credit side. I feel that we should now devote our attention to this aspect of expansion more earnestly than we have been doing hitherto. The movement will gain considerable momentum if we devote special attention to three of the vital needs of the co-operator. (1) The first and the foremost is the speedy fruition of the proposal to provide for long term farm mortgage credit, without which the economic development of the agriculturist is an impossibility. The attempt to work out the proposals formulated by the XV Provincial Co-operative Conference recently held at Madura is making very tardy progress. I may be once more permitted to urge that the speedy solution of the question is possible and that Land Mortgage Banks will become an accomplished fact in the near future, only by empowering the M. C. U. B. Ld., to raise funds for financing this form of credit by raising debentures. The prospect of floating a new Central Land Mortgage financing agency seems to be distant, and in the meantime the few Primary Land Mortgage Banks now existing will die out for want of finances and new ones which can finance themselves by their own debentures cannot be started. (2) The next useful direction in which we can expand so as to remove one of the most patent drawbacks in our credit organisation, namely, its inelasticity or rigidity, is by establishing the Scotch system of cash credit. The individual members should enjoy this mode of accommodation in the village societies, the societies getting similar relief from the Central Banks, which in their turn get similar accommodation from the Apex Bank. This arrangement will foster thrift and banking habit and will considerably aid the development of banking system in the rural areas. (3) The third activity on which I desire to lay special emphasis is the creation of an efficient system of co-operative marketing. My tours in several districts disclosed no more distressing fact in our rural ecomony than the ruthless exploitation of the producer by the profiteering middlemen. Foreign exporting and manufacturing agencies have spread their tentacles in the remotest villages and enjoy enormous credit facilities from the Joint Stock Banks for the movement of crops and preparing them for export. The result is that the poor ryot is robbed of the legitimate fruits of his arduous labour and slender capital, and parts with his produce for much less than its true economic value. The only remedy to the evil, that I can think of, is a network of co-operative marketing organisations.

Rural Reconstruction.

If I now digress from the actual problems that confront co-operators in their daily routine and dwell for a while on the potentialities of the movement itself, I have a good excuse. It is being increasingly felt that we cannot succeed in our effort to improve the economic efficiency of the ryot by merely providing him with credit and facilities for production and marketing. The truth of the matter is, we cannot separate the producer from the man. Any scheme therefore for the amelioration of the agriculturist should take note of "the inseparable inter-relation existing between the social and economic activities of farm life, and try to correlate them." * It is for this reason that the XV Madras Provincial Co-operative Conference asked the Provincial Union to submit a scheme of village reorganisation to the next Conference. The necessity for village reorganisation needs no longer any advocacy. The villager is literally groaning under the crushing loads of *Indebtedness* and *Illiteracy* which he carries on his either shoulder.

> "Bowed by the weight of centuries, he leans
> Upon his hoe, and gazes on the ground,
> The emptiness of ages in his face
> And on his back the burden of the world."

He is exploited commercially and starved for the barest amenities of life. He is left without rural leadership and guidance, with the exodus of the educated and intelligent middle classes to towns and cities. Nothing but a religious determination on our part to reorganise the village as a socio-economic unit will make progress possible. Western countries have awakened to the need for such reorganisation, and America and some European countries which were disillusioned by the Great War are now actually engaged in active programmes of Rural Reconstruction. We, in India, cannot afford to look on any longer. There are, no doubt, a few schemes of Rural Reconstruction now in operation in our country—the notable among them being, a department of Vishwa Bharati, Settlements run by the Salvation Army, some mission colonies in Northern and Southern India, the Ramakrishna Mission settlement, Sadhakasrama of Andheri, the Devadhar Malabar Reconstruction Trust, Bhil Seva Mandal, the Criminal Settlement at Bijapur, the Y. M. C. A. experiments and the Bengal Co-operative Rural Reconstruction Societies. But these are only isolated efforts. In order to achieve our object, the work must be undertaken on a nation-wide scale. In order to train workers in South India, the Provincial Union and other co-operative organisations should depute enthusiastic young men to visit some of these centres of activity to gain firsthand knowledge of their operations. It is gratifying to note that the Servants of India Society is making preparations to organise Rural Reconstruction work and that Dewan Bahadur R. Ramachandra Rao has promised his support and co-operation to them. The province also owes a debt of gratitude to the Hon'ble Mr. A. Ranganadha Mudaliar for his plan of Rural Reconstruction and for the generous provision he made for it from his salary.

*Augustus Hayes—Rural Community Organisation.

† The Rules of the Vishwa Bharati Department and of the Bengal Rural Reconstruction societies are summarised in Appendix A. and B. respectively.

It is not possible to compress within the scope of this address a detailed scheme of Rural Reconstruction and a plan of work to carry it out. I am submitting a memorandum on the subject to the Provincial Union in due course. I may however be permitted to merely mention what I believe to be the correct principles that should guide us in our programme and to suggest an immediate plan of experimental work. I know of no better guide in this connection than Mahatma Gandhi. The most outstanding principle in his lessons in Nation-Building is that the Political Reconstruction of India does not come about by gifts from our British masters and that it can only be brought about by a reconstruction of our mentality so as to make us self-reliant. Similarly in the economic and social sphere, the village can be regenerated only by a reconstruction of the mentality of the villager. Charitable doles of money, or cheap money thrown into his pocket, whether by the co-operative society or by the Government, will only serve to make him more dependent and less self-relying. If the financial assistance rendered to the ryot is not closely associated with the inculcation of co-operative principles, his position may become worse. It is why Wolff is never tired of emphasising that, " The first step which the peoples' bank is bound to take is to make the improvident thrifty, the reckless careful, the drunkard sober, the evil liver well-conducted, the unlettered capable of using the pen. In this way it has become a moralising and educating agent of the greatest value to the nation among whom it acts ".

The next essential principle which reconstructors should bear in mind is, that their scheme should embrace all sides of the village activities which are compendiously described in Horace Plunkett's three cardinal principles of Rural Reconstruction or in Prof. Carver's ten Principal needs of the farmer grouped under two heads—business needs and social needs. Mr. MacNeil summed up the idea in the words "Better Farming and Better Business would be a soulless thing without Better Living."*

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*"Better Living Societies" are a noteworthy feature of the movement in the Punjab. There are 59 societies of this description with a membership of over 2,000. The plan is most popular and gives a lead to the informal groups of caste-fellows who were already trying to reform their ways. All classes and castes have joined these societies and resolutions have been passed in various places, restricting expenditure on ceremonies, penalising cattle trespass, forbidding the sale of daughters and the giving of false evidence, and enjoyining temperance and inoculation. Fines have been inflicted and realised for breach of these resolutions. Hygienic improvements are also effected by these societies.

Back to the Village.

The question of the suitable agency for the propagation of co-operative principles and carrying on the work of village re-organisation is one of supreme importance. A national Government will have employed thousands of intelligent young men in this task of national reconstruction and turned their great talent, which is now running to waste, to good account in the cause of the country. But as we are at present circumstanced, it is a vain hope. There is however no need for despondency. If the thousands of educated middle classes realise their responsibilities to the nation and make their legitimate share of contribution to the cause of nation-building, then India is certainly rich in human material. Let those who render this contribution remember that a regenerated village will repay their sacrifice a thousand fold. Every one will be benefiited. Our educated men should cultivate a rural bias and should go back to the villages to spend all the spare time at their disposal. The student should spend his vacation in his village. The official in harness should spend his leave in his village. Men who retire from service and professions should settle down in their villages. The lawyer and doctor must spend their holidays in their villages. The holiday seeker must make the countryside his pleasure resort. The cry of "Back to the Village" must be carried to the door of every educated man. The village will then present a new life and a new aspect. Non-officials must equip themselves in large numbers for co-operative and rural propaganda. The decision of the Government to abandon supervision and to abolish the Honorary Assistant Registrars should be taken full advantage of by the non-officials and they should take charge of the movement and be at the helm of its affairs. The financing organisation should also realise the value of educative propaganda, materially and morally, and should not stint expenditure of its available funds on consolidation and expansion work. The Government should now divert to the unions at least such sums of money which it was hitherto wasting on Honorary Assistant Registrars.

How shall we begin our work immediately? My concrete proposal is that we should at once start with six experimental centres on a modest scale. Let us select typical villages for our operations, one in the East Coast Districts, one in Ceded Districts, two in Tamil Nadu, one in Malabar and one in South Canara. The village should be easily accessible by railway or road. It is desirable to select villages where well-managed co-operative societies are working and which are in proximity to the headquarters of a supervising union. If there is a Local Panchayat in the village, it is so much the better. We should plant in each of these villages at least one worker who is imbued with thorough national outlook, patriotism and genuine love for village work. He must be one who can be trusted to act as the friend, philosopher and guide of the villager. The overlooking of a school for children, a plan of simple adult education, a village library for for the literate, lessons in sanitation and rural hygiene, promotion of local cottage industries with special emphasis on the Charka and the like will be his concern. If there is no panchayat in the village, let him take steps to have one established. He must put the villages in touch with the agricultural experts and demonstrators to learn improved methods of agriculture. With regard to the promotion of co-operative activities, it is better to avoid the formation of numerous separate co-operative agencies. I agree with Prof. Kaji when he says "I conceive it to be a dissipation of energy to try to run many different organisations in villages and to achieve village organisation piecemeal. The only sane course which appears to me is to promote *general utility societies* in villages which will be able to command the services of a few good honorary workers and achieve substantial results in many directions. The societies' managing committee and group of workers will be a sort of cabinet carrying on the administration of the little village republic." The cost of each centre will not exceed Rs. 1000 per year and it should be easy for the Provincial Bank, the Central Banks, and other agencies to find Rs. 6,000 a year for this all important work.

An alternative plan is to employ half a dozen Rural Rec-construction supervisors who will cost a thousand rupees each annually and place each of them in charge of a Firka of, say, about 30 villages. They will thus be able to carry on propaganda in about 200 villages roughly. It is urged that the work of reconstruction which is carried on wholly by the villagers themselves does not require the presence of the supervisor permanently in the village and that most of the time he will remain idle. The idea theretore of the alternative plan is to get as much out of the supervisor as possible by way of propaganda. I keep an open mind on the question and leave it to the Provincial union and the Provincial Bank to decide.

The task before us is indeed stupendous. The reorganisation of 8 lakhs of villages, inhabited by peasants and labourers who are weak, disunited, disorganised and illiterate and who live in a state of chronic poverty and indebtedness among most insanitary, depressing surroundings, is a venture which will truly stagger our imagination. But if we have faith in ourselves, there is no task which unity, associated effort and steady constructive work cannot accomplish.

> " Step by step, the longest march
> Can be won : can be won.
> Single stones will form an arch
> One by one, one by one."
> " And by union, what we will,
> Can be accomplished still.
> Drops of water turn a mill,
> Singly none, singly none."

APPENDIX A.

Brief account of the work done by the Department of Rural Reconstruction of Vishva-Bharati.

It would be interesting to note the work of the Department of [illegible]al Reconstruction of the Visva-Bharati as appearing in the report for the year 1925.

The prominent items relating to Business programme are:—

(1) *The Farm*, on which experiments are conducted with regard to economy in manuring, economy in irrigation, intensive cultivation, introduction of new crops, introduction of new methods of cultivation and introduction of new implements.

(2) *Garden*, on which vegetables and fruits are grown; and it is said that four crops are being produced with the intensive methods of cultivation and through the use of nightsoil (the golden manure). The garden has also supplied seedlings to apprentices and scouts in the villages.

(3) *Poultry farm*, on which both the Leghorns and Deshi varieties as also Turkeys and Pigeons are reared. Experiments are made for the preservation of eggs which are said to have proved quite successful.

(4) *Tannery*, which has afforded work in preparing better kinds of leather-works to a number of Mochis.

(5) *Weaving and Spinning*, the articles prepared being Durrie, Asan, Carpet, Tape-making, Dyeing, Blanket, Calico-printing and Towels.

(6) *The Dairy*, in which the total amount of milk produced during the year was about four maunds. Different kinds of fodder were raised on the farm and garden. Bulls of the herd were placed at the service of the villagers who have freely made use of them.

(7) *Carpentry*, doing all the furniture and repair work of the institution and executing outside orders when received. Some apprentices earned as much as Rs. 40 to 50 a month on this work. Boys from villages and teachers from the schools are also trained.

The following are the departments of Social Work.

(1) *Siksha-Satra or the Scout Branch*:—which does the scouting work on behalf of their own as well as other schools. The boys every day perform with their own hands their various household duties, including marketing, cooking, cleaning of the houses and utensils and clothes. Every day, they are engaged in manual work for four or five hours. Leading place is given to gardening which includes rearing

plants and small animals. The boys also make tapes, Asans, Satranjis and they cut and make their own garments. They can take care of the loom and adjust it and can turn out good serviceable towels and coarse clothes for shirting. They also do their own dyeing. The older boys take great interest in carpentry and it is proposed to teach them to make doors and windows with their own hands for the house they are going to build for keeping their implements and little pets. They are also taught to make things of clay, draw and paint a little and keep accounts of the little household. It is said that the boys have steadily developed in manual skill and precision; in observation, accuracy and self-control. Opportunities are given to cultivate children's taste and stimulate ingenuity and their intensive faculties. Physical culture is ensured by games and sports and physical drills and excursions on foot and camping out in tents form a part of the programme. Mental education is promoted through books of stories and travel, and discourses.

(2) *Village Work Department*, which carries out sanitation and anti-malarial work in surrounding villages with the help of the medical section. Co-operative societies are started in five villages and road-making forms an item of work in the case of all the societies, nearly half the fund being contributed by the Local Boards and the other half being subscriptions raised by members. A small amount is also contributed by the Sriniketan. The District Board has agreed to contribute a sum equal to what the village societies will raise from among their members.

The other items of work of the Village Work Department are the following:

(1) *Girls' Schools*, where ordinary education is supplemented by needle-work, spinning, durrie-making, gardening, cooking and nursing. An interest has been created in reading books and in arts and crafts. The circulating library has proved to be of great use to the girls of the upper classes.

(2) *Night Schools*. Seven night schools are being conducted for the depressed class people in the neighbouring villages. It may be mentioned in this connection that a conference of certain depressed class people known as Doms was organized for the purpose of abolishing drink from and to spread education among them.

(3) *Circulating Libraries*, books from which are utilised by the Boy Scouts and members of the Health Societies.

(4) *Dispensary*:—This is in charge of a fully qualified medical office, an M. B. of the Calcutta University, assisted by a trained compounder

and a midwife. The dispensary is not quite a charitable one. Members of the village societies get their medicine at a concession rate and the others have to pay a little more. The Santals and the poor people are given free medicines. The midwife besides looking after the female patients in the dispensary, visits the purdah and other ladies in the villages and gives them talks on maternity. The dispensary receives generous contribution from the District Board.

(5) *Training Camps*. These are organized for the benefit of students and are taken advantage of even by the University students. Training is given in weaving, dyeing, calico-printing, elementary farming and gardening, first-aid and bandaging, rural economics and the Scout organization.

APPENDIX B.

The objects of the Rural Reconstruction Co-operative Societies of Bengal have been set forth in the following manner:—

(a) To adopt means for the spread of all kinds of education within the area of operation of the society.

(b) To encourage people to bring about reforms in social customs and manners, to improve their morality, and to settle village disputes by arbitration.

(c) To take steps to supply better seeds, manures and implements of husbandry, etc., for the purpose of improving agriculture on scientific lines, to adopt measures for better irrigation of cultivable lands and to sell the agricultural produce jointly and at advantageous rates, wholesale or retail, and to supply the daily necessaries of villagers by purchasing at cheap markets and wholesale rates and distributing the articles among themselves or selling these at retail rates by opening a shop for the purpose in the village.

(d) To provide facilities for training the cottage workers in improved methods of work: to encourage the villagers without distinction of sex to supplement their income by working in their leisure hours and spare days in some home industry; to arrange for the sale of village products and to supply the people with necessary raw materials and tools.

(e) To take steps to improve the sanitary condition of the village by the adoption of measures sagainst attacks of preventible diseases, such as Malaria, Kala-azar, Cholera, Small-pox, Phthisis etc., by filling in or draining out the out-of-use ponds, ditches or excavations within the village, by maintaining the drainage system of the village in proper order, by supplying good drinking water by reserving a tank of the village or by sinking wells or tube-wells, by opening out new roads or repairing old ones, by clearing all jungles and rank vegetable growths, by kerosening the tanks, etc. to destroy mosquito-larvae, by establishing a dispensary to distribute or sell to the people medicines, by employing on salary a qualified doctor to treat the members and a qualified vaccinator to vaccinate them on the outbreak of epidemics, and by doing every other thing that will be considered necessary for the purpose.

In order to attain the above-mentioned objects the Society, if necessary, shall be at liberty to do all or any of the following :—

(a) To acquire by purchase or lease landed properties.

(b) To build or hire a house and to use it as a shop or godown.

(c) To grow fish in tanks after cleaning them, if obtained by lease on favourable terms and to grow vegetables on their banks and to sell the fish and vegetables in the market.

(d) To maintain breeding bulls etc., in the village for the improvement of village cattle.

(e) Under the control of this Society and with the approval of the Registrar of Co-operative Societies, the members shall be at liberty to adopt, and act according to the bye-laws, published by the Department of Co-operative Societies, for a Co-operative Supply and Sale operative society, a Co-operative Irrigation Society, a Co-operative Industrial Workers' Society and so on.

(f) To do all other necessary work besides the above-mentioned ones after the sanction of the General Meeting of the Society and with the approval of the Registrar.

C. C. P. Works, Ltd., Madras.

ANNUAL REPORT

OF

The Madras Provincial Co-operative Union, Ltd.,

From 1st April '26 to 31st March '27.

ELECTIONS OF THE YEAR.

The General Body elected at its meeting on 5th April 1926 the following members to the Advisory Body.

1. Representatives elected by Dt. Banks

1. Mr. T. Adinarayana Chettiar, (Salem).
2. ,, G. Srinivasaraghavachariar, (Madura).
3. ,, H. Siva Rau, (Anantapur).
4. ,, A. Rajabadar Mudaliyar, (Conjeevaram).
5. ,, A. Nagaraja Iyer, (S. Arcot).

II. Representatives elected by Non-Agricultural Limited Primary Societies

1. Mr. K. S. Madhava Rau, (Coimbatore).
2. ,, M. K. Pattabhiram, (Tiruchengodu).

III. Representatives elected by Local Unions, Trading Unions and District Federations

1. Messrs. G. Sriram Babu Naidu, (Madras Pudupet Union).
2. A. Narayana Rau, (South Pennar Union).
3. N. Satyanarayana, (Alamuru Union).
4. K. Sundararaja Iyengar, (Tholasampatty Union).
5. Rao Saheb M. S. Seshachala Iyer, (Tiruvannamalai Union).

6. T. Venkataraghavan, (Coimbatore Union).
7. L. Gangadhara Sastry, (Hindupur Union).
8. T. V. S. S. Prakasa Rau, (Narasapur Union).
9. K. Venkatasamy Rau, (Uthamapalayam Union).
10. P. A. Subramania Iyer, (Tirupathur Union).
11. Parasurama Rau, (Cuddapah Union).
12. R. Venkoba Rau, (Bellary Dt. Federation).

IV. Representatives elected by Provincial Societies

1. Mr. V. C. Rangaswamy, (M. C. U. B).
2. „ P. Ramanathan, (C. C. P. Works).

General Body

The General Body adopted the annual report for the last year and elected the Hon'ble Mr. V. Ramadas Pantulu as President, Mr. A. Ranganadha Mudaliyar as Vice-President and Messrs Rao Saheb T. Srinivasa Rau, K. G. Sivaswamy Iyer and S. K. Yegnanarayana Iyer as the Secretaries. Mr. A. Ranganadha Mudaliyar tendered his resignation in December when he was appointed as Minister for Development. His place could not be filled up as the General Body alone had the right to elect the Vice-President.

Mr. V. C. Rangaswamy, the representative of the Madras Central Urban Bank, moved an amendment of the By-law VI (i) (a) deleting "excepting the Co-operative Printing Press". Owing to the request of the President of the meeting, Mr. A. Sivarama Menon, that if permission were granted to move amendments, a number of other amendments would also be moved and consequently the General Body would not be able to finish its business within the allotted time, Mr. V. C. Rangaswamy withdrew the amendment. The subject of course will come up for the consideration of the general body meeting of this year.

Advisory Body

The Advisory Body elected Messrs. T. Adinarayana Chettiyar, G. Srinivasaraghavachariar, N. Satyanarayana and Rao Saheb. M. S. Seshachala Iyer as members of the Governing Body in addition to the office bearers elected by the General Body.

It was raised at the last General Body meeting by Mr. A. Narayana Rau of Nellore that the Advisory Body may be abolished in view of the fact that it never met except at the time of the General Body meeting. It was then definitely promised that there would be six-monthly

meetings of the Body to consider all questions in relation to the movement and no efforts would be spared to find the travelling expenses of the members who attend such meetings. We are glad to say that the promise was kept up and a meeting of the Advisory Body was held on January 9th and arrangements were made for the payment of travelling expenses of the members who attended the same. This meeting made the necessary arrangements for the conference (Please vide page 274 of the English bulletin). It also discussed the important questions arising out of the resolutions of the Provincial Conference of last year. Finally it appointed a committee to go into the question of the constitution of the Madras Provincial Co-operative Union and the Provincial Co-operative Conference. The report of the Committee together with the dissenting report of one member (Mr. K. G. Sivaswami Iyer) is published in the March and April issue of the English Bulletin.

The Governing Body

The Governing Body met 5 times in the year. The proceedings have been published in pages 71 and 273 of the English Bulletin.

A statement of progress of work during the year under the several items mentioned in the by-laws is appended at the end for the information of the General Body.

ACTIVITIES

During the period under review, repeated attempts were made to get all affiliable institutions affiliate themselves to the P. C. U. and as a result of it we have 2 Provincial Societies, 21 Central Banks, 14 Dt. Federations, 162 Unions, 9 Trading Unions, 48 Urban Banks as the members of the P. C. U, the corresponding members in the previous year being 2, 18, 9, 140, 8, & 29.

1. Publication of Bulletins. By-law III (1).

It was resolved at the first meeting that the arrangement of the matter in the English Bulletin should take the following form :—

"The Editorials shall comprise the following :—

(a) Reviews of Provincial and Dt Administration Reports.

(b) Articles on practical questions of the movement and problems of Rural Reconstruction and Urban Co-operation.

(c) Comments on addresses and resolutions of district conferences and matters of current interest.

(d) Reviews on the working of Dt. Banks and Unions.

The other matter in the English Bulletin shall comprise the following :—

(a) Original contributions from eminent co-operators.
(b) Summaries of co-operative periodicals.
(c) Book-reviews.
(d) Acknowledgement of other articles with summaries of the same wherever found necessary.
(e) Correspondence and District News.
(f) Circulars of the Registrar, Registration and Liquidation of Societies and Audit Orders of non-credit societies. The latter should be followed wherever possible by a report of their working by a co-operator of experience and close touch with societies.
(g) Consumers' co-operation.
(h) P. C. U. work-monthly progress ".

This has been adhered to as far as possible by the Editorial Committees. The following were the members of the Editorial Committees.

1.	The Hon'ble Mr. V. Ramadas Pantulu, President.		
2.	M. R. Ry. Rao Saheb T. Srinivasa Rau Avl.,		Propaganda Secretaries.
3.	,,	K. G. Sivaswamy Iyer,	
4.	,,	S. K. Yegnanarayana Iyer,	Editors of the English and Tamil Bulletins.
5.	,,	Rao Saheb M. S. Seshachala Iyer,	

2. Pamphlets and Leaflets. Though these were published during the past 3 years, they were mostly reprints from the English Bulletin. This procedure in the first place detracted from their value as separate publications and prevented the Provincial Union from realising their cost price. It should be noted that the XIV Conference requested under resolution VI (e) that a bookselling department be opened by the P.C.U. for the sale of co-operative literature in particular. The issue of a separate publication for the conference also necessitated the creation of a separate section for pamphlets. It was therefore resolved that the issue of pamphlets, books and leaflets should go on all round the year independently of the bulletins issued every month. Two committees were appointed to be in charge of this work, whose personnel is given below :—

English Pamphlets.

1 Mr. K. G. Sivaswamy
2 ,, N. Satyanarayana
3 ,, T. Adinarayana Chettiyar
4 ,, A. Ranganadha Mudaliar

Tamil Leaflets.

1 Mr. K. G. Sivaswamy
2 ,, G. Srinivasaraghavachariar
3 Rao Saheb M. S. Seshachala Iyer

It was also resolved that for the quick disposal of the papers received by this Committee, the Secretary should take before the President any questions on which there was a difference of opinion, and the President's disposal should be final. The financial side of the English Pamphlets Section has also been put on a sound basis by providing that pamphlets covering about 500 pages of bulletin size would be issued every year at a cost of Rs. 4 to the subscribers. As regards the Tamil leaflets, it has been arranged that every union which pays an annual additional contribution of Rs. 12 would be supplied each fortnight 100 copies of every leaflet.

A list of the pamphlets issued in English and Tamil is given in Appendix I.

3. Library on Co-operative Literature. We regret to mention that though our library is growing from year to year, the staff maintained by the P. C. U. is quite insufficient to make the library useful to the reading public. No library can be made useful unless it maintains a competent librarian to gather materials and supply them to co-operators and also a cycle peon to circulate them to the members. The question of starting a circulating library therefore will be taken up along with that of increasing the staff in the P. C. U. A list of fresh additions to the library is also appended.

Location of the P. C. U. The want of a suitable building for the location of the P. C. U. is keenly felt, the present habitation being quite unsuited. Financial resources stand in the way of selecting a proper house. Endeavours will be made in the current year to make a change.

4. The Annual Provincial Co-operative Conference. The XIV Session of the Madras Provincial Co-operative Conference was held under the presidency of Dr. B. Pattabhisitaramayya on 3rd, 4th and 5th April 1926. The Report of the action taken on the resolutions of the Conference will be separately issued.

5. Propaganda Tours. This may be divided as, in the last year, under the following heads :—

(a) General lectures on the problems of the movement.
(b) Presiding over business and district conferences and assisting in the formulation of resolutions.
(c) Educational classes and short courses.

(a) *General Lectures.* With a view to stimulate enthusiasm for the cause of Co-operation, discover new workers to educate Co-operators on the important questions of the movement, particularly relating to the resolutions passed in the Provincial Conference and strengthening the existing bond of fellowship and service among the Co-operators, it was resolved during the current year to try the experiment of joint-propaganda tours. The subjects that were mainly dealt with in these tours were :—

(a) Land Mortgage Banks
(b) Consolidation work relating to rural societies
(c) Responsibilities of central banks
(d) Rural training classes

Attention was also devoted to explain the need for increasing the non-official supervisory staff and providing larger funds for maintaining it. The audiences addressed to were the members of the public and college students in districts and taluk towns and members of the management and general bodies of central banks. The Hon'ble Mr. V. Ramadas assisted by Mr. K. G. Sivaswamy, Rao Saheb M. S. Seshachala Iyer, Mr. S. K. Yegnanarayana Iyer, Rao Saheb T. Srinivasa Rao and Mr. G. Srinivasaraghavachariar toured in southern districts in September and November. The Hon'ble Mr. V. Ramadas Pantulu assisted by Mr. N. Satyanarayana made a joint tour in the Ceded Districts with the same object in view. Experience proves that joint tours of two or three persons from the Provincial Union have a large educative value in stimulating the working of Co-operative Movement in a district.

Apart from the joint tours conducted in the presidency, general educative lectures were also delivered to unions and primary societies

in East Godavery, Tanjore, N. Arcot, Salem, Madura and Tinnevelly districts by Messrs N. Satyanarayana, Rao Saheb T. Srinivasa Rau, Rao Saheb M. S. Seshachala Iyer, Mr. G. Srinivasaraghavachariar, and Mr. K.G. Sivaswamy. Under the auspices of the Trichy District Federation, Messrs. G. Srinivasaraghavachariar and K. G. Sivaswamy gave addresses to the supervisors in October last in two sessions. one in the morning and another in the evening. Mr. K. G. Sivasawmy gave his full time from December to March to explain the basic principles of Co-operation, the rural society as an economic organisation for the village, and its relation to the supervising union and to the Bank, in about 60 villages in the district of Tinnevelly. Rao Saheb T. Srinivasa Rau toured in East Godavery District with a view to explain to the Dt. Banks the policy of sound expansion by the method of consolidation of existing societies. He also toured in Chittoor Dt. in his capacity as the Vice-President of the Chittoor Dt. Bank stimulating unions in the matter of rehabilitation of societies. It will not be out of place here to refer to the activities of our honorary members. Rao Saheb T. K. Hanumantha Rau delivered a large number of lectures on Consumers' Co-operation in the city of Madras. The International Co-operators' Day was celebrated on the first Saturday in July by many important institutions in district and taluk towns and the city celebration was presided over by the Hon'ble Mr. V. Ramadas, and Mr. S. K Yegnanarayana Iyer delivered an instructive address on the occasion. Space forbids us from giving a detailed report of the activities of the International Co-operators' Day throughout the presidency. We are glad that this celebration has become a normal feature of many of the institutions and we trust that in the years to come, the day will grow into an important institution helping the progress of the Co-operative Movement.

(b) Presiding over business and district conferences and formulation of resolutions:—

During the year under report, The Hon'ble Mr. V. Ramadas Pantulu, Messrs. T. Adinarayana Chettiyar, Rao Saheb T. Srinivasa Rau, and Rao Saheb T. K. Hanumantha Rau presided over Anantapur, East Godavery, Vizagapatam and Tinnevelly District conferences respectively. Rao Saheb T. Srinivasa Rau attended the S. Kanara Business Conference, and the North Arcot and Salem Dt. Conferences as also a Conference of Departmental Inspectors, Union Supervisors and governing body members of the Districts of Salem, N. Arcot and Chittoor. Mr. Sivaswamy attended the S. Arcot and Trichy

Dt. Conferences. Mr. N. Satyanarayana attended the Anantapur, Kistna, Godavery. and Vizagpatam Dt. Conferences. Opportunities were availed of in these conferences to deliver educative lectures on the management of rural primary societies.

(c) Educational classes and short courses.

In addition to stimulating the district federations to undertake rural classes, Mr. K. G. Sivaswamy was requested to undertake rural traing lcasses wherever possible, in the districts of Tinnevelly, Ramnad and Madura. Two classes, one for the teachers of the high school at Srivaikuntam and another for the elementary teachers of the S. P. G. Mission School, Nazareth, were conducted by Mr. K. G. Sivaswamy with a view to train honorary workers who are to undertake expansion work in the district of Tinnevelly. The first mentioned class was conducted for 4 days in 8 sessions and the 2nd for 3 days in 6 sessions. The Syllabus of the rural training class was closely followed in these classes. A group of panchayatdars of two or three near by rural societies were also invited to be present at a centre for one session when the main principles were explained during the tours of Mr. Sivaswamy in Tinnevelly Dt. Messrs. Rao Saheb M. S. Seshachala Iyer, N. Satayanarayana and G. Srinivasaraghavachariar also gave these short courses to the members of rural societies and unions, particularly as regards their duties and responsibilities, in the districts of Salem, N. Arcot, Tanjore, Madura and East Godavery. Mr. Sivaswamy also gave his time to give 6 lessons on Co-operation to a class of Law students and employees in banks, kindly organised by Mr. D. F. Maclaland, the Secretary of the Y. M. C. A. in Madras. He also delivered two addresses at the Summer School of the Y. M. C. A. Workers organised by Rev. H. A. Popley at the Wesley College in April last. In the syllabus issued for rural classes by the Provincial Co-operative Union, it was roughly indicated that these classes should be held for at least a period of 6 days either consecutively or 2 days each time, each day covering 2 sessions and on the whole, the classes running to 20 lessons While we have not been able to achieve the organisation of classes in the southern districts in the manner mentioned above we are glad to state that Mr. N. Satyanarayana was able to conduct for a longer period not only classes for panchayatdars but also for voluntary workers. It will not be out of place here to mention the services of Mr. V. Venkatasubbayya assisting in these training classes organised by Mr. N. Satyanarayana under the auspices of the East Godavery Dt. Federation.

6. By-Law VI. Training Classes for Supervisors, Assistant Supervisors and Honorary Workers.

The Advanced Training Class inaugurated during the last year by the Madras Provincial Co-operative Union was conducted also during the current year for a period of 3 months. The Governing Body at its first meeting formulated the following principles regarding the work of the Advanced Training classes.

" *Education Committee.*

(a) To prepare the syllabus, organise and be in charge of the Advanced Course for the issue of certificates.

(b) To approve of syllabuses for district classes and other courses wherever started.

The course in (a) shall be for supervisors and bank clerks and managers of urban and district banks. It will comprise a general course for both and a special course from the point of view of their profession either as supervisors or employees of banks.

Admission shall first be given to supervisors and bank clerks and managers deputed by institutions, thereafter to those who are recommended by institutions and whose employment is guaranteed by them and finally to others.

Admission shall be restricted to those who hold S. S. L. C. and are eligible for entrance into college classes. The question whether exemption should be granted in the case of unpassed supervisors or bank clerks who have put in large service in the movement and are considered competent for the work may be settled by the Education Committee in consultation with the Registrar. The Education Committee should also be requested to prepare a scheme of practical training in the case of new recruits who wish to be admitted either in the class of supervisors or in the banks. The committee may usefully be guided by the experience gained last year in the conduct of the training class".

The following were the members of the Education Committee :—

1. Messrs. The Hon'ble Mr. V. Ramadas Pantulu
2. Rao Saheb T. Srinivasa Rau
3. Rao Saheb T. K. Hanumantha Rau

Rao Bahadur A. Vedachala Iyer
Mr. V. C. Rangaswamy
Mr. V. Venkatasubbayya
The Registrar.

7. Assistance to the work of Local Unions and Dt. Councils of Supervision and Service as the Recognised Exponent of Non-Official Co-operative Opinion in the Presidency.

Apart from the assistance rendered to local unions through educative propaganda which not merely included an exposition of the principles of the movement but also their application to local questions arising in administration, apart from the publication of our views on the problems of the hour in the editorial notes of the English and Tamil bulletins, the Governing Body of the Provincial Union has also been devoting a large amount of attention to the many questions sent up by its constitutents for advice and decision. On each question it has expressed its views either at the Governing Body meetings or through advisory letters of the Secretary.

8. Acts, Rules, By-laws—Revision Committee.

This committee was appointed consisting of the President, Messrs. A. Sivarama Menon, T. Adinarayana Chetty and G. Sriram Babu Naidu at the first meeting of the Governing Body on May 7th to suggest the necessary changes in the Act, Rules any by-laws. The Committee was also put in charge of any legal questions referred to by Co-operative societies. Certain tentative conclusions have been arrived at regarding the changes required in the Act and these will be discussed again and final conclusions will placed before the Government.

9. Statistics, Forms and Registers Committee.

A Committee was appointed to be in charge of this work, with the undermentioned gentlemen as members:—

1. Mr. G. Srinivasaraghavachariar.
2. Rao Bahadur M. K. Venkatachariar
3. Mr. N. Satynarayana
4. and Mr. S. K. Yegnanarayana Iyer (Secretary)

Mr. G. Srinivasaraghavachariar has pepared certain forms of loan applications, property statements and supervisors' reports which are under the consideration of the committee. Rao Saheb T. Srinivasa Rau has prepared a form of Report of Inspection for the use of special supervisors who are engaged in consolidation work. This report has so far been adopted in the districts of S. Kanara, Salem and Chittoor.

A number of changes are required in the annual statistics issued by the department which will be taken up during the current year. This committee has a large amount of work before it which it can discharge to the full extent only with the aid of a staff whose increase again depends on an augmentation of the revenues of the P. C. U.

10. Conclusion. Summing up the results of the work of the Madras Provincial Co-operative Union during the last year, it is respectfully submitted that we have tried to do what we can for the building up of the movement on a sound basis. We have adhered closely and consistently to the resolutions formulated in the provincial conferences. Our workers at the sacrifice of their time and money and with the little resources that the Provincial Union could place at their disposal have educated the rural credit societies, local unions and Dt. Banks to realise their responsibilities. Land Mortgage Banks, conduct of rural training classes, appointment of paid secretaries in central banks, organising of training classes for supervisors, consolidation of existing societies and an intensive propaganda for the spread of the co-operative principles are the subjects which are now largely engaging the attention of co-operators. May we respectfully submit that the P. C. U. tried its best to push these questions to the forefront, concentrating public opinion on them, has contributed its humble mite towards their solution and in carrying them to action. It will be plain to any observer of the resources of the P. C. U. that its funds are meagre compared to the work which it is expected to discharge under its by-laws. We hope the General Body will consider this all important question and devise suitable methods for increase of the funds of the P. C. U.

APPENDIX I.

List of Pamphlets and Leaflets.

English.

1. Loss Societies—A Study—by Rao Saheb T. Srinivasa Rau
2. Co-operation, A Drive from the Centre or Growth from within—Rao Bahadur N. Gopalaswamy Iyengar
3. Rural Training Classes—A Draft Syllabus
4. Land Mortgage Banks—Rao Saheb K. Devasikhamani Mudaliyar and Rao Bahadur A. Vedachala Iyer
5. A Co-operative Survey of Economic Conditions
6. The Royal Commission on Agriculture—Madras Evidence, official and non-official
7. Land Mortgage Banks—The Hon,ble Mr. V. Ramadas
8. Resolutions of the Madras Provincial Co-operative Conferences
9. Reduction of Agricultural Indebtedness—The Hon'ble Mr. V. Ramadas Pantulu

Tamil.

1. Rural Co-operative Society
2. The financial responsibility of the unlimited liability societies
3. The Conduct of a Co-operative Society
4. The responsibility of Co-operative Societies
5. The Co-operative Loan
6. Rural Life
7. Short Term Loans
8. Co-operation — A Conversation
9. Bad Societies and their rectification
10. Overdues and Surpluses
11. A Co-operative Survey by Local Unions — Replies by Mr. G. Srinivasaraghava Chariar to a Questionnaire by the P. C. U.
12. Presidential address of Rao Bahadur N. Gopalaswamy Iyengar at the 1st Trichy Dt. Co-operative Conference.
13. Interest
14. Reserve Fund
15. Cottage industries for Rural people
16. Unproductive expenditure
17. Resuscitation of societies
18. Long term loans

APPENDIX II.

List of Additions to the Library.

Books :—

1. Population Problems: — in the U. S. A. and Canada
2. Agricultural Year Book U.S.A. Department of Agriculture
3. Statistical Abstract for British India 1915-1916 to 1925-1926
4. The Political aspect of Co-operation
5. Co-operative Propaganda
6. The Law and Principles of Co-operation By H. Calvert (3rd edition)
7. The Land Bank Practice S. Africa
8. Co-operation in the United States

Periodicals :

1. The Nation
2. The Journal of the Jamaica Agricultural Society
3. The Journal of the Ministry of Agriculture, London

APPENDIX III.

Revised Budget Estimate of Receipts for the Year 1926-1927.

S. No.	Sources of Income.	Budget Estimate for 1926-1927.	Revised Estimate. Actuals from July, 26 to March, 27	Anticipated receipts during April to June 27.	Total	Remarks.
			Rs. A. P.	Rs. A. P.	Rs. A.	
I. A.	**Contribution under By-law VI.**					
(a)	Provincial Societies ...		105 0 0		105 0	
(b)	Central Banks ...		450 0 0	75 0 0	525 0	
(c) 1	Supervising Unions ...		507 0 0	293 0 0	800 0	
2	Trading Unions ...		10 8 0	49 8 0	60 0	
3	District Federatoins ...		35 0 0	35 0 0	70 0	
4	Audit Unions ...			10 0 0	10 0	
(d)	Limited Primary Non-agricultural societies of working capital of Rs 20000 and above ...		166 8 0	133 8 0	300 0	
(e) 1	Unlimited societiea ...		1951 13 9	48 2 3	2000 0	
2	Limited societies of less than Rs. 20,000 working capitrl...		141 4 0	18 12 0	160 0	
(f)	**Current Overdues : (Since 1924)**					
1	Provincial Societies ...		5 0 0		5 0	
2	Supervising Unions ...		35 0 0	35 0 0	70 0	
3	Trading Unions ...		4 0 0		4 0	
4	Limited societies of less than Rs. 20,000 workiug capital...		4 8 0	9 8 0	14 0	
(g)	Realisation of V P. Charges ...		155 15 0	9 1 0	165 0	
B.	English Bulletin Subscription ...		3019 2 6	80 13 6	3100 0	
C.	Tamil Bulletin Subscription ...		659 4 4	10 12 0	670 0	
D.	**Miscellaneous : —**					
(a) 1	Interest on Investments ...		176 4 5	23 11 7	200 0	
2	Rebate and Dividend ...			225 0 0	225 0	
(b) 1	Sale of Pamphlets ...		93 1 0	206 15 0	300 0	
2	Realisation of postage ...		15 14 0	24 2 0	40 0	
3	Subscription for pamphlets ...		72 0 0	48 0 0	120 0	
(c) 1	Sale of leaflets ...		12 14 0	7 2 0	20 0	
2	Contribution for Leaflets ...		171 0 0	129 0 0	300 0	
(d)	Sale of Conference Notes and papers ...		14 0 0	86 0 0	100 0	
(e)	Sale of Maclagan Committee Report ...		11 4 0	4 12 0	16 0	
(f) 1	Sale of Training Class Lectures...		440 0 0	160 0 0	600 0	
2	Realisation of postage ...		48 7 6	21 8 6	70 0	
(g)	Sale of old Bulletins ...		19 3 0	10 13 0	30 0	
(h)	Sale of Homesafes books, and other miscellaneous receipts...		22 0 0	8 0 0	30 0	
(i)	Advertisement fees ...		72 8 0	27 8 0	100 0	
(j)	Government subsidy for City Training Class ...		1200 0 0		1200 0	
II.	**Arrears (upto 30-6-23)**					
(a)	Tamil Bulletin Arrears ...		52 15 0	147 1 0	200 0	
(b)	Telugu Bulletin arrears ...		63 12 0	136 4 0	200 0	
(c)	English Bulletin arrears ...			100 0 0	100 0	
III.	**Bulletin suspenses**					
(a)	Tamil Bulletin Contribution ...		22 4 0	27 12 0	50 0	
(b)	English Bulletin Subscription ...		707 9 0	92 7 0	800 0	
(c)	Tamil Bulletin Subscription ...		328 0 0	22 0 0	350 0	
	Total...		10792 15 2	2016 0 10	12809 0 0	

APPENDIX IV.

Revised Budget Estimate of Charges for the year 1926-1927.

S. No.	Items of Expenses	Budget Estimate for 1926-1927			Revised Estimate: Actuals from July 1926 to March 1927			Revised Estimate: Anticipated Expenses during April to June 1927			Revised Estimate: Total			Remarks
		Rs.	A.	P	Rs	A.	P.	Rs.	A.	P.	Rs.	A	P	
1.	**Bulletin Account**													
(a)	Paper for printing				632	13	4	467	2	8	1100	0	0	
(b)	Printing charges	3750			1051	14	6	648	1	6	1700	0	0	
(c) 1	Stamps for English Bulletin				189	0	9	50	15	3	240	0	0	
2	Stamps for Tamil Bulletin				371	8	0	68	8	0	440	0	0	
3	Stamps for Office ...	200			143	8	6	106	7	6	250	0	0	
(d)	Contingencies ...	110			121	14	0	48	2	0	170	0	0	
(e)	Stationery ...	250			64	3	9	45	12	3	110	0	0	
(f)	Establishment ...	1500			1040	4	0	519	12	0	1560	0	0	
(g)	Binding ...	50			5	8	0	24	8	0	30	0	0	
(h)	Books ...	0			18	13	0	6	3	0	25	0	0	
(i)	Rent ...	240			20	0	0	220	0	0	240	0	0	
(j)	Printing of Circulars ...	0			52	7	6	47	8	6	100	0	0	
(k)	T. A. to Governing Body Members ...	600			293	3	0	306	13	0	600	0	0	
1	Miscellaneous ...	0			77	15	6	52	0	6	130	0	0	
II.	**Union Account**													
(a) 1	Printing of pamphlets ...	300			477	4	0	522	12	0	1000	0	0	
2	Stamps for sale ...	0			45	8	6	54	7	6	100	0	0	
3	Maicellaneous charges ...	0			20	7	6	39	8	6	60	0	0	
(b) 1	Printing of leaflets ...	0			126	15	6	123	0	6	250	0	0	
2	Stamps for supply ...	0			57	9	0	42	7	0	100	0	0	
3	Miscellaneous charges ...	0			1	4	0	3	12	0	5	0	0	
(c) 1	Printing of last year's Training class lectures ...	0			430	12	9	0	0	0	430	12	9	
2	Stamps for sale ...	0			40	11	6	9	7	9	50	3	3	
3	Miscellaneous charges ...	0			2	12	0	2	4	0	5	0	0	
(d)	Miscellaneous charges of XIV Conference ...	0			93	6	0	0	0	0	93	6	0	
(e)	Other miscellaneous charges such as customs duty Ry. freight etc. ...	0			13	9	6	3	0	6	16	10	0	
(f)	Propaganda tours ...	600			283	3	3	316	12	9	600	0	0	
(g) 1	T. A. for Advisory Body Members ...	0			295	15	6	0	0	0	295	15	6	
2	Miscellaneous charges ...	0			32	5	6	1	11	0	34	0	6	
(h)	Training classes in the city by Government subsidy ...	1200			1197	11	6	2	4	6	1200	0	0	
III.	**Arrear Account**													
(a)	Stamps ...	0			0	15	6	9	0	6	10	0	0	
(b)	Circulars ...	0			2	6	0	3	10	0	6	0	0	
(c)	Furniture, Repair etc. ...	0			72	1	0	27	15	0	100	0	0	
(d)	Refund of shares ...	0			1	13	6	98	2	6	100	0	0	
IV.	**Refund of Bulletin Suspenses**													
(a)	Tamil Bul. Contribution ...	0			44	5	9				44	5	9	
(b)	Tamil Bul. Subscription ...	0			290	8	0				290	8	0	
(c)	English Bul. Subscription ...	0			827	14	6				827	14	6	
V	**Conference**													
(a)	Circulars ...	100						100	0	0	100	0	0	
(b)	Report ...	100						100	0	0	100	0	0	
	Total...	9000			8442	10	1	4072	2	2	12514	12	3	

AUDIT REVIEW

BY

M. R. Ry. Rao Sahib A. Ramanujachariar Avergal, B. A., Deputy Registrar of Co-operative Societies, V Circle, Madras, on the Accounts of the Madras Provincial Co-operative Union Ltd., No. 1130 for the year ending 30-6-1926.

The report on the working of the Madras Provincial Co-operative Union Ltd., No. 1130 for the co-operative year ending 30th June 1926 as prepared by the City Inspector, M. R. Ry. A. Ponnuswami Pillai, is accepted for review. Statements of (1) Receipts and Disbursements and (2) Assets and Liabilities as furnished by him are appended to this review.

2. **Membership:** At the beginning of the year under review, there were 3 provincial societies, 15 central banks, 5 trading unions, 111 local supervising unions, and 2 District Federations on the rolls as members. With the new admissions during the year, there were at the end of the year 2 provincial societies (Triplicane Urban Co-operative Society having elected to come under primary non-agricultural societies), 18 Central banks, 8 Trading unions, 140 Local supervising unions, 9 District Federations and 29 non-agricultural primary societies.

3. **Demand, Collection and Balance of Revenue:** Out of a demand of Rs. 11,243-11-9 under current revenue, a sum of Rs. 10,791-13-9 was collected leaving a balance of Rs. 451-14-0 on the last day of the year. And under arrear revenue, out of a net demand of Rs. 4,971-13-4, only Rs. 322-5-0 was realised, leaving an outstanding balance of Rs. 4,649-8-4.

Constitution.

4. **General Body:** The General body consisting of delegates of the member-societies met during the Easter week in April 1926, and elected as usual the officebearers. Two representatives of Provincial Societies, five representatives of Central Banks, 12 of Supervising and Trading unions, and 2 of non-agricultural primary limited societies, were also elected for the advisory body.

Advisory Body: The advisory body so elected met immediately and resolved to discontinue the practice of co-opting honorary members. This body met once in the year.

Governing Body: It consisted of 9 elected members. It was re-elected for the year in the Easter week. It met six times during the year under review.

Activities.

Bulletin: The Bulletin continued to be the chief item of activity for the year.

Financial Aspect of the Bulletin:—

Out of the total contribution of Rs. 2935-3-7 from primary societies, Rs. 2171-3-8 was set apart for the supply of the bulletin to the societies concerned. The amount similarly appropriated from the contribution of other member societies at Rs. 4 per supervising and Trading union and Rs. 8 per Central Bank and provincial society amounted to Rs. 717-1-0. The amount realised under bulletins to persons other than members, advertisement charges, sale of old bulletins and registration and V. P. charges was Rs, 3970-3-6. Adding these together, the total income for bulletin was Rs. 6858-8-2. Against this amount, the charges on account of the issue of bulletin during the year amounted to Rs. 6777-6-3 working out a surplus of Rs. 81-1-11 for the year against Rs. 36-15-7 in the previous year.

Propaganda Work: Various pamphlets in English and Tamil were issued by the union during the year.

Touring of Secretaries: They attended as usual Taluk and District Conferences held in the districts.

A sum of Rs. 1411-14-11 was available from the contributions under by law VI. The amount realised from the sale of pamphlets and from miscellaneous receipts such as interests and dividend, was Rs. 1317-4-11 making a total of Rs. 2929-3-10. A sum of Rs. 2151-5-8 was spent in the publication of pamphlets propaganda tours and meeting charges, etc., working out a surplus of Rs. 777-14-2 against Rs. 206-6-8 in the previous year.

Library: During the year, there were no additions to the free list of periodicals received in the union. Some of the periodicals were circulated to the co-operators by the Editor.

Conference: Unlike in previous years' the conference was held this year during the Easter week in April 1926. The 14th Madras Provincial Co-operative Conference was presided over by Dr. B. Pattabi Sittaramiah Garu. The special income of the conference was Rs. 2196-9-8 against a sum of Rs 2,555-7-8 actually spent. The deficit of Rs. 358-14-0 was since met from the union account.

Training Class: Government sanctioned a recurring grant of Rs. 1,200 to this union for training classes for supervisors. The class was opened by the Hon'ble the Minister for Development, and run for 3 months from October to December 1925. One hundred and fifty candidates were selected for the training, of whom 84 completed the course and sat for the examination. 32 passed and they were given diplomas by the Union.

Office of the Deputy Registrar of Co-operativeSocieties, V,Circle, Madras, 12th March 1927.

(Sd). A.RAMANUJACHARIAR,
Deputy Registrar.

(True copy)

(Sd.) K. NARAYANASWAMI MUDALIAR,
Assistant Registrar.

ANNUAL STATEMENT OF RECEIPTS FOR THE YEAR 1925-26

	Rs.	A.	P.	Rs.	A.	P.
I. Contribution under By-law VI.						
(a) Provincial Societies ...	100	0	0			
(b) Central Banks ...	445	0	0			
(c) 1. Supervising Unions ...	560	0	0			
2. Trading Unions ...	27	8	0			
3. District Federations ...	40	0	0			
(d) 1. Unlimited societies ...	2733	15	7			
2. Limited societies of less than Rs. 20000 working capital	201	4	0			
(e) Limited societies of more than Rs. 20000 working capital	192	8	0	E. B. 308	4	0
(f) 1. Current overdues of Central Banks ...	50	0	0	T. B. 2,876	10	8
2. Current overdues of Local Unions	40	0	0	Union 1,411	14	11
(g) Realisation of V. P. Charges	206	10	0			
Total ...				4,596	13	7
B. English Bulletin Subscription ...	3131	8	6			
C. Tamil Bulletin Subscription ...	606	11	0			
D. *Miscellaneous*						
1. Rebate.	92	15	0			
2. Dividend	76	4	2			
3. Interest on investment ...	213	0	9			
4. (a) Sale of pamphlets ...	1	14	0			
(b) Sale of conference notes and papers ...	34	0	0			
(c) Sale of Mac. Committee Report	270	2	0			
(d) Summaries of Trg. class lectures ...	615	5	0			
(e) Sale of old bulletins ...	25	6	0			
(f) Realisation of V. P. Charges other than item (g) in I. ...	13	1	0			
(g) Realisation of postage spent for the sale of Trg. class lectures ...	52	6	0			
(h) Other miscellaneous receipts				T.B. 613	15	0
as donation to P. C. U.				E.B. 3,149	10	6
adjustment of errors, sale of				G.B, 197	14	8
Waste paper, recovery of				Union 2,517	4	11
printing and postal charges	146	3	8			
E. Subsidy from Government for the Training class	1200	0	0			
Total ...	6478	13	1	6,478	13	1
II. Arrears.						
(a) Tamil Bulletin Arrears ...	189	15	0			
(b) English Bulletin arrears ...	15	0	0			
(c) Telugu Bulletin arrears ...	27	6	0			
Total ...	232	5	0	232	5	0

	RS.	A.	P.	RS.	A.	P.
III. Suspenses and Advances.						
(a) Tamil Bulletin contribution suspenses ...	49	13	9			
(b) English Bulletin subscription suspenses ...	827	14	6			
(c) Tamil Bulletin ...	290	8	0			
(d) Individual suspenses ...	600	6	0			
(e) Advances	1976	15	2			
Total ...	3745	9	5	3,745	9	5
IV. Withdrawals from Banks.						
(a) From Saving Bank Account ...	300	0	0			
(b) From Prudential Deposit account ...	1,225	0	0			
(c) From Current Account ...	5079	9	11			
(d) Of fixed deposit for renewal ...	1500	0	0			
Total ...	8104	9	11	8,104	9	11
V. XIV Provincial Co-operative Conference				3,706	8	2
				26,864	11	2
Opening balance ...				93	14	10
do. by stamps ...				12	15	3
Grand Total ...				26,971	9	3

ANNUAL STATEMENT OF CHARGES FOR THE YEAR 1925-26

	RS.	A.	P.	RS.	A.	P.
I. Bulletin Account.						
(a) Paper for Printing ...	1625	13	6			
(b) Printing charges ...	2267	8	0			
(c) Blocks and Drawings ...	51	6	0			
(d) Honorarium	300	0	0			
(e) 1. Proof correction charges ...	21	5	0			
2. Payment for original articles	109	0	0			
3. Payment for translation ...	112	14	9			
(f) 1. Stamps for Office correspondence ...	209	9	9			
2. Stamps for English Bulletin V. P.s ...	39	14	0			
Stamps for English Bulletin Despatch ...	243	14	9			
3. Stamps for Tamil Bulletin V. P.s ...	421	14	0			
Stamps for Tamil Bulletin Despatch. ...	349	3	9			
(g) Stationery	170	0	0			
(h) Establishment... ...	961	3	0			
(i) Typing	132	4	0			
(j) Rent	240	0	0			
(k) Contingencies	194	7	8			
(l) Books	51	12	6			

	Rs	A.	P.	RS.	A.	P.
(m) Binding charges ...	73	1	0			
1. Purchase of V. P. Forms ...	13	4	0			
2. Postal charges of Governing Body members and other miscellaneous postage ...	40	4	0			
3. Extra establishment charges for despatch of Tamil Bulletin and gratuity to Manager ...	130	4	0			
4. Tamil Bulletin Contribution and English Bulletin subscription returned by adjustment ...	61	12	0			
5. Other miscellaneous charges such as dress to the peon, advertising charges, M.O. commission, and commission on cheques, etc.	77	5	3			
	7898	0	11	7898	0	11
II. Union Account.						
(a) Travelling Allowance to Governing Body Members	173	4	0			
(b) Miscellaneous charges for the Governing body meetings	5	15	9			
(c) Propaganda and Tours	467	13	0			
(d) Printing circulars	109	5	11			
(e) Printing the translation of the Mac. committee report	170	0	0			
(f) Conduct of the Training classes	1808	8	0			
(g) Printing charges of the XIII Provincial Co-operative Conference ...	416	7	0			
	3,151	5	8	3151	5	8
III. Arrear Account						
(a) Stamps	23	5	0			
(b) Typing	3	10	0			
(c) Printing charges	5	4	0			
(d) Furniture (deposited to arrears)	5	8	0			
	37	11	6	37	11	6
IV. Deposits and Investments.						
(a) Savings Bank Account	2	4	2			
(b) Prudential Deposit Account	668	7	4			
(c) Current Account	5582	0	6			
(d) Fixed Deposit (Renewed)	1500	0	0			
(e) 15 Shares in the C. P. Works	150	0	0			
(f) Entrance fees for C. P. Works	3	12	0			
	7906	8	0	7906	8	0

	Rs.	A.	P.	Rs.	A.	P.
V. Suspenses						
(a) Tamil contribution suspense of 23-24 returned	9	0	0			
(b) Suspense remitted to Govt.	1	8	0			
(c) Tamil contribution suspense of 24-25 returned	57	11	4			
(d) Tamil subscription suspense of 24-25 returned	296	11	0			
(e) English bulletin subscription suspense of 24-25 returned	837	4	3			
(f) Suspense paid to XIII Conference	415	6	0			
(g) Paid to U. P. Works	37	11	0			
(h) Other individual suspenses	522	2	0			
	2,177	5	7	2177	5	7
VI. Advances.						
(a) Paid to C. C. P. Works	1,423	10	2			
(b) Paid to U. P. Works	2	9	0			
(c) Other individual advances	566	14	6			
	1993	1	8	1993	1	[illegible]
VII. XIV Provincial Co-operative Conference				3706	8	[illegible]
				26870	9	[illegible]
Closing balance				89	1	0
do. by stamps				11	14	9
Grand total				26971	9	3

Statement of Assets.

	Rs.	A.	P.	Rs.	A.	P.
I. Cash on hand and in the Bank.						
(a) 1. Cash on hand	89	1	0			
2. do. by stamps	11	14	9			
(b) 1. In the Indian Bank in S. B. Account.	26	0	9			
2. In the M.C.U.B. in P.D. Account	146	11	8			
3. do. in Current "	520	0	0			
	793	12	2	793	12	[illegible]
II. Investments.						
(a) Shares in other co-operative institutions.						
1. The Madras Central Urban Bank Ltd.,	100	0	0			
2. The Centrai Co-operative Printing Works	880	0	0			
3. The Sadananda	25	0	0			
4. The Triplicane Urban Co-operative Society	5	0	0			
(b) Deposits:						
1. In the M.C.U.B. as Reserve Fund of the old constitution	130	15	4			

	Rs	A.	P.	Rs.	A.	P.
2. In the M.C.U.B. in Fixed Deposit	3,500	0	0			
	4,640	15	4	4640	15	4
III. Stock.						
(a) Books and furniture as they stood on 30-6-1926	544	11	8			
Books purchased during the year	51	10	6			
Furniture " "	5	8	0			
	601	14	2			
Deduct depreciation 15 per cent.	90	4	6			
	511	9	6	511	9	6
(b) Publications for Sale.						
1. Summaries of Training class lectures	324	0	0			
2. Indian Co-operative studies	298	0	0			
3. Maclagan Committee Report	33	0	0			
4. XII Conference Notes and Papers	176	0	0			
5. XIII " "	32	0	0			
6. XIV " "	42	0	0			
7. Report of the XIV Provincial Conf.	215	0	0			
8. Report of International Co-op. day	5	12	0			
9. Co-operative Stores in Tamil	12	5	0			
10. Co-operative Arbitration societies	2	5	0			
11. Important Features of a Co-operative Society	3	9	0			
12. Tamil bulletins of 23-24 to 25-26	527	12	0			
13. English bulletins " "	308	10	0			
	1,980	5	0	1980	5	0

	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.
(c) Value of Bycycle	101	2	5						
Value of typewriter	200	4	7						
	301	7	0						
Deduct depreciation 15 per cent.	45	4	0	256	3	0	256	3	0
							8182	13	0

	Rs.	A.	P.
IV Outstanding Bills Pending Realisation			
1. Out of Rs. 28 of 24-25 (i.e. of 114 of 24-24)			
2. Under bylaw VI out of Rs. 210 of 24-25	33	0	0
3 Under bylay VI for 25-26	200	0	0
(a) Provincial societies	5	0	0
(b) District Federations	5	0	0
(c) Supervising Unions	140	0	0
(d) Trading Unions	12	0	0
(e) Limited liability societies for Tamil			

	RS.	A.	P.	RS.	A.	P.
bulletin	13	8	0			
(f) Unlimited liability societies	66	0	0			
(g) English Bulletin Arrears	247	13	0			
(h) Tamil Bulletin Arrears	3,204	3	0			
(i) Telugu Bulletin Arrears	956	12	4			
(j) Outstanding bills of 23-24	22	12	0			
(k) ,, ,, 24-25	2	0	0			
(l) ,, ,, 25-26 for Maclagan committee report	29	0	0			
(m) Maclagan for Trg. class lecture	155	14	0			
(n) Advertisement charges of 24-25	54	0	0			
(o) ,, ,, 25-26	30	0	0			
(p) Advances of 23-24	41	3	10			
(q) Advances of 25-26	51	8	0			
(r) Suspenses of 25-26	111	5	0			
	5,381	7	2	5381	7	2
Total Assets				13564	4	2

Statement of Liabilities.

	RS.	A.	P.	RS.	A.	P.
I. Old shares and dividends to be refunded	418	12	6			
II. Shares deposit of the Apex Bank to be refunded	15	0	0			
	433	12	6	433	12	6
III. Suspenses to be refunded.						
1. Out of Rs. 76-6-0 of 24-25 (i. e. out of 264-12-9 of 23-24)	67	6	0			
2. Out of Rs. 42-10-6 of 24-25 (i. e. of Rs. 317-12-5 of 24-25)	41	2	6			
3. Tamil Bulletin contribution suspense of 25-26 received in 24-25 to be returned	2	0	0			
4. Tamil Bulletin contribution suspense of 26-27 received in 25-26 to be returned	49	13	9			
5. Tamil Bulletin subscription suspense of 26-27 received in 25-26 to be returned	290	8	0			
6. English Bulletin subscription suspense of 26-27 received in 25-26 to be returned	827	14	6			
7. Other individual subscriptions received in 25-26 to be returned	40	10	0			
	1,319	6	9	1319	6	9

	Rs.	A.	P.	Rs.	A.	P.
IV. Bulletin dues to be paid to the T. U. C. S. out of arrear collections						
1. Out of collections of 23-24	33	9	4			
2. Out of collections of 24-25	4	0	0			
3. Out of collections of 25-26	2	11	0			
	40	4	4	40	4	4
V. The Madras Central Agricultural Committee Fund	1,453	10	7	1453	10	7
VI. To be paid to the C. C. P. Works under Training Class account	430	12	9			
For Printing Tam. Bulletin January '27	66	0	0			
For Printing Presidential Address of Sir K. V. Reddi	6	0	0	502	12	9
Total				3749	14	11
Excess of assets over liabilities				9814	5	3
Grand Total				13564	4	2

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